

Minutes
State Parks, Recreation and Travel Commission
Coronado Center
Hot Springs Village, Arkansas
June 20-21, 2002

Commissioners Present

Debra Haak, Chairman	Billy Lindsey, Vice-Chairman
Bill Barnes, Thursday only	Jane Christenson
Polly Wood Crews	Danny Ford
Loretta Lever House	Montine McNulty
Mike Mills, Thursday only	Ted Mullenix
J.D. "Bud" Shamburger, Thursday only	Ness Sechrest
Wade Williams	

Commissioners Absent

Jim Gaston - Business conflict

Department Staff Present

Richard W. Davies, Executive Director
Joe David Rice, Tourism Director
Greg Butts, State Parks Director
Nancy Clark, Assistant Tourism Director
Mac Balkman, Manager, Operations
Stan Graves, Manager, Planning & Development
Charles McLemore, Director, Research & Information Services
Donna Perrin, Manager, Tourism Development
Kristine Puckett, Tourism Development Consultant
Jay Harrod, Manager, Communications
Gloria Robins, Executive Assistant
Sandy Burch, Administrative Assistant
Jennifer Carson, Administrative Assistant

Agency Staff Present

Shelby Woods	Wayne Woods
Karen Mullikin	Libby Doss
Bill Fitzgerald	Chuck Robertson
Kay Medlin	Jared Cowell
Rebecca Polk	

Aristotle

Marla Johnson Norris	Jonathan Eudy
Dina Crane	

Guests Present

State Representative Roger Smith, District 32
Peggy Weidman, Commissioner, Keep Arkansas Beautiful
Kelley Linck, Executive Director, Ozark Mountain Region Tourist Association
Dr. Wayne Miller, University of Arkansas Cooperative Extension Service
Brigette Williams, Arkansas Business Publishing Group
Becky Rheinhardt, Arkansas Department of Economic Development
Dave Johnston, Hot Springs Village POA
Linda Mayhood, Hot Springs Village POA
Bob Venuti, Hot Springs Village Governmental Affairs Committee
Bob Shoemaker, Hot Springs Village Governmental Affairs Committee
Tom Arwood, Hot Springs Village POA
Herb Perrin, Hot Springs Village POA
Bill Goodwin, Mt. Ida

Call to Order

Chairman Debra Haak called the meeting to order at 9:00 a.m. and Gloria Robins called the roll.

Approval of the Agenda

Danny Ford moved to approve the agenda. Polly Wood Crews seconded and the motion carried.

Presentation of Minutes from Previous Meeting

Wade Williams moved to approve the minutes. Bill Barnes seconded and the motion carried.

Financial Report

For the period ended May 31, 2002, the Parks Division fiscal year-to-date expenditures, including construction/grants, totaled \$48,684,865, or 47% of annual budget. Tourism Division expenditures, including Curran Hall pass-through grant, totaled \$10,435,637, or 84% of annual budget. Keep Arkansas Beautiful expenditures were \$396,114, or 77% of budget. Administration Division expenditures totaled \$1,983,949, or 87% of budget. History Commission expenditures were \$1,127,314, or 91% of budget. Total Department expenditures - \$62,627,879 or 53% of annual budget.

The 2% Tourism Promotion gross revenues for tax months May through March totaled \$7,605,085. The year-to-date Parks Division Conservation Tax totaled \$17,549,909.

Polly Wood Crews moved to approve the financial report. Jane Christenson seconded and the motion carried.

Recognition of Guests

Chairman Haak recognized guests in attendance.

EXECUTIVE DIRECTOR'S REPORT

Arkansas.com Budget Recommendation

Budget recommendation totals for Fiscal Year 2002-2003, per section are as follows:

Maintenance	\$ 34,580
Improvements - Arkansas Tourism	\$ 34,726
Improvements - ArkansasTravel.com	\$ 9,895
Improvements - Group Travel	\$ 16,500
Carry Over from State Parks FY 01-02	\$ 15,749
Improvements Arkansas State Parks	\$ 84,139
Research & Promotion Parks & Tourism	\$115,050
Contingency	<u>\$ 29,489</u>
 TOTAL	 \$340,128

Recommendations result from consultation with Department staff, suggestions from focus groups as well as Aristotle staff. The objective is to ensure development of the web sites and programming support and to track each site's success. Projects offer web site support for CJRW's marketing and advertising efforts and continue to provide quality content that reflect a positive image for Arkansas destinations. Maintenance projects include seasonal updates, additional background images for main pages and additional maintenance. Improvements for Arkansas Tourism include Retirement/Relocation updates, Louisiana Purchase Bicentennial Celebration promotion, combining the History/Heritage and entertainment into the Attractions/Lodging/Dining database, the Calendar of Events, Equestrian and ATV Trails information and promotion, a site-wide search function improvements to the trip planner, an instant online usage report, and digitizing the television commercials. Improvements to ArkansasTravel.com include a photo contest, integration of high-resolution photos with media information and maintenance. Group Travel improvements include Group Travel sample itineraries and Group Travel database integration. Projects for Arkansas State Parks include a graphic redesign for ArkansasStateParks.com, a media section, an interactive download section, e-mail encryption for reservation requests, web site work for Queen Wilhelmina State Park, the Ozark Folk Center, Crater of Diamonds State Park, and Old Washington State

Park. Also included will be a section on watchable wildlife, a section on meetings, reunions, and corporate retreats and Louisiana Purchase Commemoration information. Projects for the Research & Promotion section include screen savers, conversion studies for State Parks and for Arkansas Tourism, search engine promotion, print campaign cooperative promotion, an exit conversion study, and a promotional addition to the HTML e-newsletter. The Parks Division portion totals \$106,919 and the Tourism Division portion totals \$187,971. The contingency fund is 10% of the total budget.

Marla Johnson Norris launched the presentation with a few comments. Jonathan Eudy discussed and described each Tourism section of the budget in detail and Dina Crane discussed the Parks sections. He also informed Commissioners of the reasoning behind each recommendation. Jay Harrod, Communications section manager, noted during the presentation that sponsors were already lined up for the web site photo contest. He also stated how effective and useful the projects pertaining to his section would be, once implemented. Wade Williams questioned whether or not a search function would be included in the projects. Ms. Norris and Mr. Eudy agreed that it is included.

A discussion ensued about how businesses would receive names of interested parties who put them on their trip planner. Mr. Mullenix stated that he felt that leads should be available to the businesses. Mr. Eudy stated that leads are posted on the web site. E-mail is automatically sent to business owners that have requested leads. Commissioners also discussed the difference between the trip planner and group travel leads. Ms. Norris agreed that it is not fully integrated yet, but it would be looked at in the future. Mr. Davies inquired whether or not a question could be added to the trip planner that would allow businesses to contact consumers with their consent. Ms. Norris agreed that would be the way it would be done. Wade Williams inquired as to whether the same thing could be done for the group travel leads. Ms. Norris agreed that it also could be done. She noted that the only problem would be for property owners who did not have an e-mail address, but that leads would continue to be mailed to them. Kelley Linck, Director of the Ozark Mountain Region Tourism Association, stated that he was concerned because his region sells a list to association members that has the same information that would be provided to people, free of charge, via the web site. He stated that it would hurt the association as far as an income generating opportunity. He asked Commissioners to take that into consideration when deliberating on the recommendation. Ms. Norris noted that the Ozark Mountain Region is the only region that currently sells a list. Billy Lindsey stated that the Greer's Ferry/Little Red River association no longer sells a list due to the increase in Internet usage and lack of demand. Richard Davies stated that the list on the web site would probably be a whole set of different people than ones who would have e-mailed the region and that it may not be mutually exclusive. Ms. Norris agreed that it probably would not be duplicative. Jay Harrod stated his concerns about how the e-mail addresses would be used after the initial sales lead. He felt that there needed to be some guidelines as to the contact between the business and the consumer. Ms. Norris stated that there would not be a way to control usage of the e-mails addresses after the initial sales lead. She suggested that a disclaimer be added to the site

stating that the Department requests businesses to contact parties only once for information, with consent from the consumer. She also stated that details would be considered before implementation.

Charles McLemore elaborated on the research portions of the budget. He explained the conversion studies and how important they are for gathering research. Commissioners discussed adding questions about impressions of the state's image to questionnaires. Mr. McLemore stated that it would duplicate the efforts of D.K. Shifflet since they are already studying the issue. Ted Mullenix requested a quarterly report on web site hits and pages visited. Mr. Eudy stated that a report would be formulated. Richard Davies stated that Department staff has password access to the web site and wondered whether it would be possible for Commissioners to also have access to the site as well. Ms. Norris and Mr. Eudy agreed that they would set it up.

Wade Williams questioned whether or not an amount needed to be added to the budget for focus groups. Richard Davies stated that it could be paid for by the Tourism Division or by the contingency fund already included in the budget. Mr. Davies stated that he felt a focus group would need to be held. Mr. Williams questioned what needed to be done in order to make sure a focus group was held. Mr. Eudy stated that he would present an overview what might be recommended and what the costs involved would be.

Loretta Lever House moved to approve the Arkansas.com budget recommendations with an additional amount for a focus group. Ted Mullenix seconded and the motion carried.

Budget Update

Richard W. Davies presented a brief synopsis of the Department's budget cuts. A handout was distributed to Commissioners, which totaled the cuts. He explained that the general revenue is the basic tax money fund. Administration, part of Tourism, and some Park employee salaries are funded by general revenue. He stated that the Parks & Tourism Divisions absorb the budget cuts in order to keep the other Divisions open. Between last year and this year, \$809,000 has been cut from the budget. At the start of the new fiscal year, July 1, another \$688,000 will be cut. A million and a half-dollars have been cut from the Department's budget overall. Mr. Davies noted that these budget cuts were over and above the cuts from the 2% fund. Montine McNulty asked if the Department was using money from the 2% fund to help fund items that were cut in general revenue. Mr. Davies stated that the 2% fund is not technically being used to make up for things that were funded by general revenue. Mr. Davies stated the biggest problem is that the second year of the biennium, which begins with FY 03, is the base for the next 2-year's budget request. He stated that anything requested from general revenue above the base is considered "new money" whether it was formerly funded or not. So what it amounts to is when we go into the biennial budget request this fall, we will have to get a million and a half more dollars to be where we were 2 years ago due to revenue stabilization. Billy Lindsey noted that due to term limits, a lot of legislators might

mistakenly believe that the Department should use the 2% Tourism tax and the 1/8th-cent funds for operating expenses. A general discussion ensued between Commissioners as to the significance of the budget cuts and the possibility of using funds earmarked for other projects.

Mr. Davies stated that the "base" budget is the important issue and that "base" does not have to be justified the next legislative session. Billy Lindsey noted that although there were cuts, at least the Department does have funding, as compared to other state agencies. Polly Wood Crews inquired as to what Parks projects were put on hold. Mr. Butts stated that the campground at Withrow Springs, the campground at Crowley's Ridge the Museum Grant program was also frozen in the first fiscal year. He stated that he would be doing more reductions in the second fiscal year.

Legislator Continuing Education

Richard Davies reported that Parks & Tourism and the Department of Arkansas Heritage presented an overview of the Department to legislators as part of the Legislator Continuing Education Program. He stated that this was an opportunity to explain in-depth the purpose and mission of the Department.

Staff Appreciation Dinner

Richard Davies reminded the Commission about sponsoring the staff appreciation dinner and service awards at DeGray Lake Resort State Park on September 19th following the advertising and marketing presentation.

Polly Wood Crews moved to approve sponsoring the staff appreciation dinner and service awards at the September Commission meeting at DeGray Lake Resort State Park. Wade Williams seconded and the motion carried.

August Meeting with Corps of Engineers

Mr. Davies stated that members of the U.S. Army Corps of Engineers would attend the August Commission meeting. The Corps of Engineers control 70% of campsites and all the lakes in Arkansas. Representatives from both the Vicksburg, Mississippi and the Little Rock district will present an overview of projects and accomplishments.

Miscellaneous

Chairman Haak directed Richard Davies to send a letter to Commissioners urging them to stay for the entire Commission meeting July 18-19, in Ponca. Commissioners

discussed the Parks committee meeting as well as the D.K. Shifflet presentation. Mr. Davies stated that he would send a letter advising Commissioners of future agenda items. The advertising strategic issues, including the Shifflet presentation, for the full Commission on Thursday morning and will take the full morning.

TOURISM DIVISION

Retirement & Relocation

Joe David Rice introduced the retirement/relocation presentation. He noted that several agencies and organizations are involved in retirement and relocation in Arkansas. He stated that he had found the industry could be traced back to 1955 when John Cooper invited Governor Orval Faubus to the dedication of Cherokee Village. Mr. Cooper then developed Bella Vista and then Hot Springs Village. Ozark Acres and Fairfield Bay were developed by other companies and have played a role in Arkansas's retirement industry. He stated that Governor Huckabee believes in retirees and with his help, the legislature has allocated \$250,000 for the program. Mr. Rice mentioned a few examples of stories, heard by Tourist Information Center employees, of retirees relocating to Arkansas.

Karen Mullikin gave a brief overview of what is done to market the state to potential retirees and re-locators. About \$198,000 of the budget is spent on the advertising program and the rest is used for fulfillment costs. Ms. Mullikin stated that research is done before every ad campaign to ensure that the proper market is being targeted. Several research projects were conducted including one done by the Department that is unique. In 1989 and 1990, a list of 2,000 people who inquired for retirement/relocation information was isolated. Every year the list is run against the National Change of Address information to see if they had moved to Arkansas. In the first year the test was run, 88 inquirers had relocated to Arkansas and 11 more people moved to the state in the second year. Consumer travel shows targeted to older adults all around the region. The *Arkansas Retirement/Relocation Guide* is also distributed to assist in promoting retirement and relocation to the state. Ms. Mullikin stated that marketing to potential retirees is a good marketing strategy because they tend to visit an area three to five times before retiring.

Before commencing the advertising program, input was solicited from members of the retirement industry and then through an official advisory board. Valuable information was obtained. A report was distributed that summarizes the efforts of the last five years. More than 36,500 requests for information were generated from the retirement/relocation campaign last year alone and have steadily increased each year since the program's inception. She noted that information could be obtained by calling 1-888-NATURAL or from Arkansas.com. A portion of the web site is specifically devoted to information that retirees are interested in. Over 43,800 visitor have visited that portion of the web site year-to-date. Advertising appears in national and regional magazines; 1/3-page size ads have been placed in *Where to Retire* and *Travel 50 & Beyond*. Copies of the media recommendations and the budget for those recommendations were distributed.

Wade Williams stated that the research is geared towards the tourism side of the subject and wondered whether any research had been done to find out where the retirees originate. Dr. Wayne Miller of the Cooperative Extension Service stated that most of the retirees come from within the "marketing egg."

The Arkansas Retirement/Relocation Guide also helps to disseminate information about retiring and relocating to Arkansas. The guide is promoted in the Arkansas Tour Guide as well as both the fall and spring newspaper inserts. Brigitte Williams, Publisher with the Arkansas Business Publishing Group, stated that for over 15 years the ABPG has felt that retirees are a valuable and lucrative market that needed attention. She also stated that a retiree is worth 3.7 factory jobs in terms of economic impact to an area. Generally 50 new retirees equal 185 new manufacturing jobs or \$16 million in financial assets and \$1.6 million in annual spending 80% of those funds are spent in the county of residents. She pointed out a few testimonials printed in the *Retirement/Relocation Guide* that state why those particular people moved to Arkansas and why they love the state. More than 500 reader response cards are received for information. The top five reasons retirees pick their location are the natural setting, hospitals, local and state taxes, safety, recreation and employment opportunities. Walking, fishing, gardening, watching wildlife, hiking, shopping, boating, art, culture, volunteering are the desired activities. 85% of volunteer time comes from that segment of the population, according to United Way. Top ten states of respondents are Texas, Illinois, Arkansas, California, Florida, Wisconsin and Missouri tied, Michigan, Oklahoma, New York, and New Jersey. Of those, 80% plan on visiting Arkansas, 47% plan on visiting within the next 2 years, half plan on visiting within the next 2 years and 86% plan on relocating to Arkansas 1/3 plan within the next 2 years and 20% within the next 5 years and 10% within the next 10 years. Almost 50% are looking at homes in the \$100,000 range, 1/3 have household incomes of \$50,000 +.

Polly Wood Crews asked Ms. Williams what kind of negative feedback had been received. Ms. Crews further stated that she is interested in hearing about the negative comments so that the problems can be corrected. Ms. Williams replied that questions were not formatted in that manner, but if the thirteen people interviewed were any indication, there were not any negative comments.

Becky Rheinhardt, with the Arkansas Department of Economic Development, stated that she works with industries already located within the state as well as incoming industries. She stated that her Department also has a development program that helps communities prepare for incoming development and the Arkansas Communities of Excellence program. The Department gives communities resource information as well as facilitates community meetings. A community may choose to focus on retirement/relocation as well as other ways to develop. She noted that retirees contribute greatly to their communities and are a wonderful resource that needs to be utilized. Ms. Rheinhardt stated that she believes that her Department and the Department of Parks & Tourism have a great working relationship and the base of knowledge is increased by working so closely together. Folders were distributed to Commissioners, which included a map, indicating Arkansas communities interested in retirement and relocation as well as

established retirement communities. Also in the folder was a CD of the ACE program, which includes the community wide, planning process that helps smaller community's plan for its future.

Dr. Wayne Miller, Extension Economist for the Cooperative Extension Service, presented a summary of the past ten years of research. Dr. Miller stated that a three-state study was done to find out where retirees came from, why they came to Arkansas, what they contribute to communities, what their perceptions of Arkansas. Studies were also done of economic and fiscal impact studies for Cooper Communities for their villages. In 1997, they received a two-year appropriation from the state to expand and enhance the research, which included a collaborative focus group research effort between the Department of Parks & Tourism, the Department of Economic Development and the University of Arkansas. The result of the study indicates that retirees to Arkansas are often highly educated and skilled and bring a lot of experience with them. They also tend to be active, participate in the community by volunteering, vote and also tend to not be heavy users of social services. Family is an important factor in the decision to move. Other factors include the climate, scenic beauty, recreational activities, and the low cost of living. He stated that the quality of life is more important to the retirees rather than the low cost of living although that is also an important factor as well. A safe and friendly environment and opportunities to remain active and be a part of community, nearness to the water, cost of living and family, educational opportunities were important to retirees that participated in the focus groups. Dr. Miller stated that it was not that they were not opposed to Arkansas, but they were not aware of the opportunities available in Arkansas. In the contiguous state study, only 25% of retirees had considered Arkansas and the remaining participants did not consider Arkansas because they didn't know much about the state.

Economic impact studies indicate that retirees pay more in local taxes than they receive in benefits. Dr. Miller stated that retirees help to diversify their local economy, have growing incomes and wealth and spend more money locally. They also have a net positive benefit and affect almost every aspect of the local economy. Since most of their money comes from outside the state and are fixed incomes, they may have more money to spend in a recession mitigating the effects on the local economy. Dr. Miller stated that Arkansas doesn't fit into the major migration trends, but received about 2% of the state to state migration received in the 1970's and about 1.5% in the next decade. Dr. Miller shared more net in-migration and out-migration figures for the state from the 1970's, 80's and 90's. He also stated that the 1990 census indicated that people aged 60 and older moved into the state from the Midwest, Florida, and California. Dr. Miller stated that Hot Springs Village has a more diverse population, and a little more upscale, than other parts of the state because it is actively marketed throughout the United States.

Dr. Miller stated that there are plans to update the research in cooperation with the Department of Parks & Tourism, the Department of Economic Development and the University of Arkansas. He concluded by stating that to be proactive in the marketing strategy, research must be done to find out what will attract retirees to the state.

Representative Roger Smith thanked Commissioners for the opportunity to address the Commission and for holding the meeting in Hot Springs Village. He stated that Hot Springs Village is a wonderful model for what retirement and relocation can do for a local economy. He further stated that Arkansas's economy isn't booming, yet Northwest Arkansas seems to be doing wonderfully in attracting industry and has more in-migration more than any other place in Arkansas while the Delta has people moving out. He stated that the state is constantly struggling to balance the economy and is gradually moving away from an agrarian economy. He questioned how retirement plays into that and stated that retirement and relocation should be looked at as an industry. Representative Smith stated that Garland County has opened three brand new hospitals within the past 30 years and that there is more medicine in Garland County per capita than any other community in the state. He stated the largest employer is St. Joseph hospital and the largest singular payroll is in medicine. He made a comparison between a position at a hospital versus a position at a processing plant. He pointed out that a person employed by a hospital is more skilled, better educated and will make more money than a person employed by a processing plant. He questioned what kind of opportunities it created to entice young people to stay in the state. He stated that he wants retirement to be focused on more as an industry, economically, in terms of what it does for communities and the state. He questioned how many dollars had been spent in order to create Hot Springs Village. He complimented the staff at Cranford Johnson Robinson Woods for doing so much to promote Arkansas with only a \$250,000 budget. He asked Commissioners if they felt that was an adequate budget to promote retirement and relocation to Arkansas and further stated that he did not feel it was adequate. He applauded the Tourist Information Center rebuilding effort because he stated that everyone that has come to Arkansas as a retiree came as a tourist first. He stated that the state would be able to put its "best foot forward" with the new centers and will be able to better promote retirement and relocation, for example, because of it. He concluded that he is committed to finding ways to expand what is done with retirement and relocation and that it would be done in such a way as to measure results and to have accountability. Research must play a role on what is marketed and to whom it's marketed. Lastly, he stated that it's time to quit keeping Arkansas a secret, but unless more money is invested in retirement and relocation the word will never get out effectively. He thanked the Commission for its time.

2002-2003 Boat, Sport & Travel Show Staff Recommendations

Nancy Clark made a few comments about the recommendations. Charles McLemore presented the recommended 2002-2003 Boat, Sport & Travel show season, which includes:

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| Arkansas State Fair & Livestock Show | - Little Rock |
| McAllen (Texas) International Travel Show | - McAllen, Texas |
| Kansas City Sportshow | - Kansas City, Missouri |
| Chicagoland Fish, Hunt, Travel & Outdoor Show | - Rosemont, Illinois |
| Tulsa Boat, Sport & Travel Show | - Tulsa, Oklahoma |

Dallas Boat Show	- Dallas, Texas
Houston Vacation & Leisure Show	- Houston, Texas
St. Louis Boat & Sport Show	- St. Louis, Missouri
Kansas Sports, Boat & Travel Show	- Wichita, Kansas
Memphis Mid-South Sports Show	- Germantown, Tennessee
Memphis Southern Women's Show	- Memphis, Tennessee

The Memphis Mid-South Fair, the Oklahoma City Boat, Tackle & Sports Show and the Indianapolis Boat, Sport & Travel Show will be dropped due to lack of performance.

Wade Williams moved to approve the 2002-2003 Boat, Sport and Travel show schedule as recommended. Danny Ford seconded and the motion carried.

Hot Springfest

Paul Vitale thanked Chairman Haak for the opportunity to speak to the Commission and thanked Commissioners for the \$25,000 contribution for Hot Springfest. He stated that the festival, which kicked off the season from the spring into the summer, was tied to the grand opening of Garvan Woodland Gardens and the opening of Oaklawn Park, was a major success. Collections were up 1.4% in April. There was a lot of community as well as state support.

Terry Wallace, from Oaklawn Park, stated that attendance was up 20% during Hot Springfest. He further stated that the commitment is there to build upon the festival. During the live racing season, they were able to raise the purses 4 times throughout the season. Mr. Wallace anticipates starting the purses out, for the 2003 season, at the highest level ever and if things continue they will be able to attract the highest quality of individuals. He stated that they were anxious to participate again with the festival and thanked the Commission for its support.

Allan Magee stated that Hot Springfest was undoubtedly very successful for the Gardens. The Gardens have been open to tourists since the early 1980's and that 900 people was the most that had been to the Gardens in a year. A couple of thousand people went to the Gardens on the first day of Hot Springfest. Mr. Magee stated that they were grateful for the help from the Hot Springs A&P Commission as well as from the Department of Parks & Tourism. Next spring, the Gardens will open with a bird sanctuary, which will be advertised as a separate attraction.

Mr. Vitale reiterated how successful the festival was, about how the people of Hot Springs worked together, and how appreciative they were of the Commission's partnership. Danny Ford questioned how much money the 1.4% collected translated into. Mr. Vitale stated that he did not know, but he would send the information to him.

Advertising Agency Selection Process

Nancy Clark presented the recommended timeline for the advertising agency selection process for the contract beginning July 1, 2003.

July 18, 2002	Commission approves agency questionnaire, minimum criteria for agencies, and criteria for evaluating agency presentations (at Commission meeting, Ponca)
July 25, 2002	Announcement of selection process to all advertising agencies within the state; letters of interest requested from agencies
September 3, 2002	Questionnaires due back from interested agencies
September 19, 2002	Commission reviews staff recommendations for finalists and announces finalists (at Commission meeting, DeGray)
September 20, 2002	Staff notifies finalists and distributes packet of identical materials (slides, VHS footage, etc) to each
November 21, 2002	Commission views agencies' presentations and selects advertising agency (at Commission meeting, Harrison)
January 16, 2003	Commission approves new contract (at Commission meeting, Little Rock)
January 20, 2003	Contract submitted to Arkansas Legislative Council for review (following adjournment of General Assembly)
July 1, 2003	New advertising agency contract goes into effect

Jane Christenson moved to approve the recommended agency selection process. Montine McNulty seconded and the motion carried.

Section Reports

Communications

Staff member projects include the improvement and activation of the media section of the web site. The industry newsletter was edited and staff members attended various meetings and festivals throughout the state. Work was conducted on Travelin' Arkansas releases and the e-newsletter. Featured releases included information on the

Delta Cultural Center, the Buffalo River, Louisiana Purchase State Park, El Dorado, Lake Charles, Warren, Lake Poinsett and DeQueen. A listing of releases printed in in-state newspapers, October 2001 through April 2002, was also compiled.

Tourism Development

All regional associations met the May compliance deadline. The annual regional association meeting was held June 5th at the Arkansas Hospitality Association. Matching fund guidelines for the next fiscal year were distributed. A tourism feasibility study matching grant was awarded to the City of Clarendon to address the expansion of current attractions and the possibility of expanding Eco-tourism within a four county area. Donna Perrin and Kristine Puckett spoke to a number of groups regarding tourism in Arkansas. Ms. Perrin also attended a cultural heritage workshop as well as a tradeshow. The final draft of the Fall/Winter Calendar of Events was also completed.

Research & Information Services

There were 36,694 requests for information processed in May 2002. Tourist Information Center visitation totaled 84,921 during the same month. There were 3,640 requests for the Retirement/Relocation Guide fulfilled. Visitation to the five-agency web sites totaled 265,433 during May.

Staff projects included the sport show budget summary and a recommendation for next year's sport shows, the Texarkana Tourist Information Center construction details and brochure misrepresentation complaints. Staff members also attended a meeting regarding the postal increase that will take effect in July. The price of mailing a Vacation Planning Kit will increase approximately 15%. A mid-year inventory of literature indicates a surplus of Arkansas Tour Guides. An effort will be made to distribute them during the summer travel season.

Group Travel

Staff members responded to 240 inquiries in May. Year-to-date, over 794 requests have been fulfilled. Jane Ellen Frazier attended the Advertising & Promotion Roundtable meeting and discussed the Group Tour & Meeting Planners Directory, the Group Travel Leads system and the 2002-2003 tradeshow schedule. Work is also being conducted on the development of sample itineraries, which will be marketed toward group operators. They will be posted on the group travel web site and serve as a dynamic sales piece.

Regional Matching Fund Program Guideline Recommendations

Nancy Clark stated there are no changes to the Regional Matching Fund Guidelines, but in light of budget constraints, the regional financing will be cut by

\$50,000 total; approximately \$4200 decreased per region. Ms. Clark stated that should 2% Tourism Tax collections come in above projections, there is authority in the budget to increase the matching funds for the regions.

Loretta Lever House moved to approve the Regional Matching Fund Program Guideline recommendations. Danny Ford seconded and the motion carried.

Marketing/Advertising Items

2002 Focus Group Research Report

Karen Mullikin introduced Donna Creighton, facilitator of the focus groups with Decision Research. Ms. Creighton stated that qualitative research is not quantifiable, it is directional only, and it gives directional cues and serves as a guide in the development of advertising and promotional efforts. Four focus groups of ten qualified participants in each group were conducted, two in Tulsa, Oklahoma and 2 in Memphis, Tennessee. The respondent specifications included a mix of males and females, 2 age groupings, 24-44 years and 45-65 years. They must have taken a trip outside their state of residence for a minimum 2-night stay within the past year and not for the express purpose of visiting friends and/or relatives. Participants must also be PC users and have access and make use of the Internet as well as be at least a college graduate with a household income of \$50,000+ and not be intimidated by a group process.

Results indicate that the print ad campaign is successful because the creative content attracts readers and holds their attention with visual information and powerful copy. It is recommended, due to respondent comments, that alternative, executional options for replacement of the smaller insertion photographs be considered. Indications suggest that the television commercials are also effective and that the Arkansas.com web site is establishing an online presence and is a successful strategic positioning tool. The Arkansas Vacation Planning Kit was also well received by respondents.

The advertising is doing well in promoting in Arkansas as a viable vacation destination and capitalizes on the natural beauty of the state, but it is still not enough to overcome the negative image of the state. The natural beauty is what makes Arkansas unique, but horse racing, restaurants, shopping, museums and other such activities should continue to be referenced in the advertising, if only to reassure consumers that they do exist in Arkansas. The negative perceptions of the state continue to prevent Arkansas from being considered a top vacation destination. Changing a state's image is a slow process. Advertising plays an important role in improving the image, but an image is an abstract concept that incorporates the influences of news reports, editorials, reputation, information received and processed through friends and relatives as well as indirect sources. Changing the image then becomes more public relations than advertising. Danny Ford noted that the focus groups in Memphis were located to close to the Delta to appreciate the entire state since the Delta is an economically depressed area.

Donna Creighton stated that, in relation to the web site, respondents did not want to receive newsletters, but would receive them if they included discounts and coupons. Wade Williams felt that this was interesting because they did not want the newsletter because they think it's going to be advertising, but wanted it because it has advertising due to the bargains and coupons. Richard Davies stated that the thought behind it is that people are afraid they would be inundated with e-mails they don't want. Ms. Creighton agreed. She also suggested having a little more sophisticated music on the television ads to help upgrade the image. Wade Williams questioned if this was the first time that music had been criticized. Donna Creighton agreed that it was the first time. Shelby Woods agreed that the music was polarized, some people liked it and some did not. Richard Davies stated that a lot of the young people thought the music was cool and upbeat and the people who did not like it thought that it did not fit. Mr. Woods stated that there would be a different style in the next round of ads. Polly Wood Crews questioned if anyone had responded to the readability of the ads. She explained that as an older adult, she notices if words are easy or difficult to read. Ms. Creighton stated that no one had commented on that issue. Ms. Creighton also suggested having focus groups specifically dedicated to the web site because it takes so long to get an accurate assessment of the site.

Richard Davies questioned whether more priority, effort or resources ought to be put forth towards the national media, especially the travel media. He wondered if the image has that much of an impact on how the advertising is perceived, should an effort be made to work more with the editorial people. Ms. Creighton stated that she unequivocally agreed with Mr. Davies. Polly Wood Crews wondered if a testimonial ad would make an impression. Ms. Creighton stated that testimonials depend upon credibility and she did not know how much believability would be built into an ad like that. Ms. Creighton stated that hospitality training is a viable way to begin to change the image, once a consumer visits Arkansas they become ambassadors for the state to their friends and relatives. Billy Lindsey stated that although Media Days is time intensive and fairly costly program, the state received a lot of feedback from it in the past. He wondered whether the program should be revisited. Mr. Davies gave a brief synopsis of what Media Days entailed. Karen Mullikin stated that it has been about 8 years since it had been done. Mr. Woods stated that they had tried to bring it back about 2 years ago, but that they had a difficult time trying to get them to agree to come because of the way the business has evolved. Billy Lindsey questioned if freelance writers should be the target. Mr. Woods stated that there are ways to get people to the state if it is decided that is a priority. He also reminded the Commission of the study, done by D.K. Shifflet, which will be presented at the next Commission meeting about the image of the state. A general discussion ensued about the state's image and whether or not a portion of the advertising budget should be shifted to public relations. Chairman Haak questioned what the other state's have that Arkansas does not. Mr. Davies stated that it's reputation, image and something different from where the consumer lives. People travel to be somewhere different. Commissioners also discussed how the state is portrayed in the national media.

2002 Arkansas Trail of Holiday Lights Guide Estimate

Libby Doss presented the Trail of Holiday Lights Guide recommendations to the Commission. She stated that the size would remain the same as last year and would also include four-color photography. Guides will be included in the Vacation Planning Kits fulfilled October through December 20. Key distribution partners will be utilized again this year including Coulson's Oil Shell Superstops as well as Bank of America branches throughout the state. Coleman Dairy will be approached about providing promotional support on beverage cartons during the holiday season. The content of the brochure will be added to the web site and approximately 150,000 brochures would be printed, dependent upon the number of participating communities. The deadline for application will be at the end of July in order to be printed by mid-September. The estimated budget for the guide includes: Engraving/Printing - \$22,700; Art Direction - \$1,500; Copywriting - \$950; Production Supervision - \$700; Agency coordination - \$3,600 for a total estimate of \$29,450. She noted that the brochure would cost approximately \$10,000 less to produce this year than last year.

Wade Williams questioned what kind of feedback had been received about the brochure; in other words, is it too cumbersome for people to fold and unfold. Karen Mullikin stated that the program as a whole is evaluated every year and no complaints had been received to that effect. Ms. Mullikin stated that other forms of publication had been considered, but this was the most feasible in order to get all the towns on the brochure. Ms. Clark interjected that people do not use the brochure for navigation, but as a source of information. Charles McLemore mentioned that the brochure is included in the Vacation Planning Kit, which also includes a highway map.

Jane Christenson moved to approve the 2002 Arkansas Trail of Holiday Lights Guide recommendations. Wade Williams seconded and the motion carried.

Flotilla Report: Corps of Engineers/Arkansas Game & Fish Commission/Arkansas Hospitality Association Big Bass Bonanza/See Arkansas First Habitat Development and Re-Stocking Program

Wayne Woods stated that the Arkansas River was, at one time, considered the best bass fishing waters in the state and that it has declined over the past 10 years because of the lack of spawning due to the navigation of the river and the fast flow of the river. The Game & Fish Commission and the U.S. Army Corps of Engineers partnered to have a major bass restocking and habitat development program on the Arkansas River, from Fort Smith to Dumas (approximately 300 miles). Mr. Woods stated that the Arkansas Hospitality Association sponsors the largest amateur bass fishing tournament in America on the Arkansas River. Beginning in Fort Smith, twelve vessels of 75 participants stopped at Van Buren, Ozark, Clarksville, Russellville/Dardanelle, Morrilton, Conway, Little Rock/North Little Rock, Pine Bluff and Dumas and had a news conference and a social event at each location within 7 days. The Corps of Engineers also

had their inspection barge also participated. Approximately 1,000 and 1,500 people are estimated to have attended the events at each stop. Montine McNulty made comments about the event. Ms. McNulty stated that it was a well organized successful event. She credited Wayne Woods for being the driving force behind the event. Information was distributed to Commissioners about the media tour, dubbed "The Good News Cruise." Wayne Woods thanked Polly Wood Crews for her participation as well as all the Chambers of Commerce and Advertising & Promotion Commissions that participated and sponsored events as well. He further stated that ESPN traveled with the flotilla for half a day and good coverage is expected from them. Footage of coverage about the event was played for Commissioners.

Chairman Haak noted that the U.S. Corps of Engineers would also be represented at the August Commission meeting. She also stated that she felt that Commissioners ought to have an event similar to the "Good News Cruise." Ms. McNulty stated that it would be better to wait a couple of years and see the result. She suggested including Game & Fish as well as the Corps of Engineers.

Miscellaneous

Nancy Clark mentioned the tourism related articles located in the folders.

Ms. Clark stated that the Mississippi River Parkway Commission began the process of applying for national scenic byway status for the Arkansas portion of the Great River Road a little over 2 years ago. Although the application was turned in by the first of January, announcements were made last week. Ms. Clark attended the Washington, D.C. event. Norman Mineta, Secretary of Transportation, made the announcements. Secretary Mineta and William S. Norman, President & CEO of the Travel Industry Association of America also announced a cooperative marketing partnership between the Travel Industry Association of America and the U.S. Department of Transportation. The "See America's Byways" promotion will kick off Labor Day weekend to encourage Americans to travel by seeing America's byways. Ms. Clark noted that the Travel Industry Association Scenic Byway announcement press release was also located in the Commission folders. She also stated that she would conduct a media tour, in July, of the entire Arkansas Great River Road. Ms. Clark stated that she hopes that the byway designation would make the area available for federal funds, which could be used to help develop the new State Park once it is built as well as the Delta Heritage Trail.

Libby Doss distributed a copy of an article that was published in *Outdoor Photographer* about the Buffalo National River. The river was designated one of their "Favorite Places." She also played more footage of local media coverage about the Buffalo River.

Ms. Clark mentioned that *Fodor's Road Guide USA* had a large article about Crowley's Ridge national scenic byway. She noted that another advantage of the scenic byway designation is the coverage in publications like *Fodor's*.

PARKS DIVISION

Petit Jean State Park Airport - Morrilton Aviation, Inc. Lease

Greg Butts met with Marvin Perry and John Sherry, owners of Morrilton Aviation, Inc., to analyze the operation and look at a long-term agreement for the fixed based operation of the airport at Petit Jean State Park. Mr. Butts stated that the terrorist attack on September 11, 2001 caused them extensive loss of business. He said he was not ready to make a recommendation on a long-term lease until he reviewed additional financial data that is due under the current lease. Mr. Butts recommended extending the current lease agreement through the end of the calendar year under the same terms and conditions. It would allow time to finalize a long-term contract that would be beneficial to all parties. Prior to the end of a six-month extension; he will come back to the Commission with a recommendation for a long-term agreement.

Mr. Barnes asked if Mr. Butts had any concerns. Mr. Butts stated that he was comfortable with the lessees but does not have all the financial data in order to see the total operational picture. Mr. Butts said the meetings held also covered areas of responsibility he would like to see handled by Morrilton Aviation versus what the Department would get in return. He said he wants to add the new fly-in campground operation and maintenance, and the mowing of the strips and right-a-ways to the lessee's responsibility. Mr. Barnes asked if it would be easier if the Commission approved extending the lease one full year. Mr. Butts said six months is enough time to negotiate a long-term agreement. He said if he comes to an impasse he would alert the Commission. Mr. Butts said one of the problems they are having is the cost of fuel. Currently they have a portable truck. They want to make long-term investments but are unwilling to do so until they have a long-term lease.

Wade Williams said if the Commission approves a six-month extension, action will have to be taken in November, which would be 30-days before the end of the term. Mr. Williams asked if Mr. Butts anticipates having everything finalized before that date. Mr. Butts responded, yes. Mr. Williams said he recalls that Morrilton Aviation had made a lot of promises. He asked if they had fulfilled their obligations under the existing lease up to this point. Mr. Butts said what they have not done is to provide all the financial data requested. He said they have spent \$20,000 to \$30,00 just on minor modifications in order to make the facility operational. They are not going to spend large sums until they have a long-term agreement. Mr. Williams said he does not have a problem extending the lease for six months if all the obligations have been fulfilled. Mr. Butts said when he last visited they were working on four planes, so their business is slowly recovering.

Danny Ford moved to approve a six-month extension on the lease with Morrilton Aviation, Inc., for the fixed base operation of the airport at Petit Jean State Park. The lease extension will expire December 31, 2002. Ness Sechrest seconded and the motion carried.

DeGray Lake Resort State Park - Lease Renewal with the COE

Stan Graves said the lease for DeGray Lake Resort State Park with the U.S. Army Corps of Engineers was signed in 1971. Mr. Graves said that a few years ago the lease with the Corps for Daisy State Park was the first under a new format. The lease for DeGray is the same lease as the lease for Daisy State Park. Mr. Graves said it is a twenty-five year lease instead of a thirty-year lease. He said he is happy with the lease and requested approval to renew it.

Ness Sechrest moved to approve the renewal of a twenty-five year lease with the U.S. Army Corps of Engineers Vicksburg District on DeGray Lake for DeGray Lake Resort State Park. Danny Ford seconded and the motion carried.

Debbie Haak asked for an update on the lodge operations at the park. Mac Balkman said he had recently talked with the lodge manager, Ralph Shoptaw. Mr. Shoptaw said 134 fewer rooms were sold this May than were sold during May 2001. Mr. Balkman said the lodge subscribes to a report that gives statistical information for many resort properties. He said the report indicates a decrease in rooms rented and a reduction in rates at comparable properties in the Hot Springs area.

Mammoth Spring State Park - Proposed Memorandum of Agreement (MOA) with the U.S. Fish & Wildlife Service (USFWS).

Stan Graves said the Department had previously received ANCRC funds to build an auxiliary pipeline that would serve the Federal fish hatchery. Mr. Graves said the purpose was to continue to supply water to the Federal hatchery during the times it is necessary to lower the level of Spring Lake for maintenance. With additional funds from Amendment 75, the project has been completed. Mr. Graves said with the completion of the project, a request was received from the U.S. Fish & Wildlife Service (USFWS) to update an old agreement that dates back to the early 1900's that was included as an indenture to a deed prior to the state park's enabling legislation in 1957. The agreement stated that only 1,200 gallons per minute from the spring be released for the purposes of feeding or supplying water to the fish hatchery. Mr. Graves said much more water than that amount is being used. Following this request, a new Memorandum of Agreement (MOA) has been developed that states that the pipe the Department has put in place will supply the estimated amount of water that it is designed to carry; between 3,500 to 4,000 gallons per minute. The MOA stipulates that the USFWS would be responsible for water treatment that is necessary for the survival of the fish, along with any associated maintenance necessary at the hatchery.

Mike Mills moved to approve a Memorandum of Agreement (MOA) with the U.S. Fish & Wildlife Service that clarifies responsibility for the operation and maintenance of the auxiliary water supply to the Mammoth Spring National Fish Hatchery. The MOA will continue in force from year to year until cancelled by the mutual agreement of both parties, as outlined in the agreement. Danny Ford seconded and the motion carried.

Moro Bay State Park - Request for Easement to Connect to Southeast Bradley County Water Association (SEBCWA)

Stan Graves said, whenever possible, the Department ties into municipal or rural water systems. That opportunity has become available with the Southeast Bradley County Water Association (SEBCWA) for Moro Bay State Park. The SEBCWA has requested an easement on a small parcel of property (approximately 10' x 10') to install a meter.

Wade Williams moved to approve a ten-foot by ten-foot easement at Moro Bay State Park to the Southeast Bradley County Water Association for the installation of a meter. The easement is a part of the Northwest Quarter of Section 28, T-16-S, R-12-W, Bradley County. Montine McNulty seconded and the motion carried.

Old Washington Historic State Park - Lease Agreement with Texarkana College

Greg Butts said that in 1999 the Commission had approved an ANCRC grant request for the purchase of the Bladesmith School. Mr. Butts said Texarkana College provides courses and instructors at the knife making school. He said a five-year agreement has been worked out with the College that stipulates the College would pay all utilities, and reimburse the Department for the termite contract costs and the building insurance while continuing to operate the school. Mr. Butts said this is a similar agreement as the one with the Museum of Automobiles at Petit Jean State Park.

Polly Wood Crews moved to approve a five-year lease agreement with Texarkana College of Texarkana, Texas for operation of the Bladesmith School at Old Washington Historic State Park. Jane Christenson seconded and the motion carried.

Arkansas Post Museum - Removal of Structures from Inventory

Stan Graves requested approval to remove two storage structures from inventory at Arkansas Post Museum. Mr. Graves said both of these structures are in a deteriorated condition and no longer meet the needs of the park for equipment storage.

Wade Williams moved to approve the removal from inventory at Arkansas Post Museum Building #58.08 – Storage Shed, and Building #58.09 – Storage Facility. Mike Mills seconded and the motion carried.

Certificates of Appreciation

Greg Butts requested Certificates of Appreciation for two retiring employees: Jacque Varvel is the PASC at Bull Shoals-White River State Park and is retiring following 19 years of service. June Burroughs is the Lodge Manager at the Ozark Folk Center State Park. Ms. Burroughs is retiring following 29 years with the park.

Loretta Lever House moved to approve a Certificate of Appreciation for June Burroughs and Jacque Varvel. Ness Sechrest seconded and the motion carried.

Lake Dardanelle State Park - Russellville Marina Purchase Offer

Greg Butts said an offer has been received to purchase the Russellville Marina at Lake Dardanelle State Park. Mr. Butts said the purchase option is identified in the Commission approved Long Range Development plan for the park, and is also an opportunity for the private sector. Mr. Butts suggested that he needs to determine the condition of the marina, its value, and the source of funding in the event the Commission approved acquiring it. Mr. Butts said the service level over the years has varied and he is not aware of any complaints.

Bill Barnes asked if the facility is still on a Corps of Engineers lease. Mr. Butts responded that it is. Mr. Barnes offered to accompany park staff when they look at the marina. Mr. Butts said he would obtain financial data from the Corps for the period of time Ted and Brandy Hertz have owned the marina. Stan Graves said the marina has 38 covered and 30 uncovered boat slips.

Mt. Nebo State Park - Long Range Development Plan

Stan Graves said Mt. Nebo State Park was Arkansas's second state park and is located in the Arkansas River Valley. A major factor in the popularity of the park is the cooler summer temperatures due to the elevation of the mountain. Mr. Graves said because of numerous plattings, property ownership issues on the mountain are a problem. A map was displayed that indicated private ownership and the state park property lines.

Mr. Graves said that because the current location of the Visitor Information Center is near Sunset Point, the Plan proposes constructing a VIC at the entrance to the park. The campground will be relocated and the old site will become a new day-use area. The barrier-free bathhouse and swimming pool will be renovated with an anticipated

completion date of Memorial Day of 2003. A second amphitheater is proposed at the new campground area. Currently there are ten CCC cabins at the park. A future demand study will evaluate the need for new cabins and a multi-family cabin. Mr. Graves discussed the infrastructure, wastewater treatment and other utility renovations and new construction that are in the plan.

Loretta Lever House asked for clarification on the location of proposed cabins and which would be more popular because of the view, the cabins or the campground. Mr. Graves said there is an excellent location in the existing cabin area for additional cabins. Mr. Graves said the site indicated is the only location for a new campground. He added that cabins generate more revenue and that is why the plans include additional cabins.

Jane Christenson asked about the deer population. Mr. Graves said there are a lot of deer because everyone feeds them. Greg Butts said research was done a few years ago with the Arkansas Game & Fish Commission and the result was the deer at Mt. Nebo were healthy at that time. Stan Graves, referring to the current VIC, said it is a nice building and would make a great interpretive meeting area. Mr. Graves said an additional use could be for wedding receptions. Greg Butts said prior to building new cabins or renovating the building a feasibility study would be done. Mr. Butts said camping is a problem and there is an opportunity to target tent campers, especially.

Wade Williams moved to approve the Long Range Development Plan, as presented, for Mt. Nebo State Park. Montine McNulty seconded and the motion carried.

Miscellaneous

Greg Butts said the Dedication of the fly-in campground at the Petit Jean State Park airport had taken place on June 3rd. Lt. Governor Rockefeller served as keynote speaker and there was a nice crowd on hand for the Dedication.

On July 12th at 1:15 p.m. the Dedication of the new Fishing Tournament Weigh-In Pavilion at Lake Dardanelle State Park will take place. Governor Huckabee is scheduled to be the keynote speaker.

Arkansas State Parks is again co-operating with Kroger on the *Plus Shoppers' Card* that offers discounts at the Ozark Folk Center State Park and at DeGray Lake Resort State Park.

Readers Digest will be doing an article on the Louisiana Purchase and its bicentennial celebration in 2003.

Stan Graves said there have been weather delays and construction problems at Crater of Diamonds State Park, therefore, the water feature most likely will not be completed in time to open this summer. Mr. Graves said the other projects at the park are progressing well - residences, the wildlife observation blind, renovation of the bathhouse and campground, etc.

Montine McNulty asked about seating at the new Fishing Tournament Weigh-In Pavilion at Lake Dardanelle State Park. Stan Graves said benches are on order and if they arrive in time, they will be installed for the Dedication.

Greg Butts said in the voting reported by *The Times*, Petit Jean State Park was selected as the best state park. Mr. Butts added that, due to rain, Portfest at Jacksonport State Park was cancelled. The field that is leased from the Williams family for the arcade was "knee deep" in mud and the Newport Area Chamber of Commerce decided to cancel the event.