Dear Commissioners:

I am strongly voicing my objection to an increase in the tourist tax, or whatever you call it, in order to give this increase to the Fiat Rock Playhouse. The Playhouse is wonderful but it is up to them to keep to their budget. Have you ever seen their budget figures? I was out of state for six weeks, back one week, but I seem to recall that you Commissioners gave the Playhouse $100,000. Is this correct? Did you give many funds to the Little Theater?

Again, pleased vote against this tax increase.

Helen Coletti
From: Steve Wyatt  
Sent: Friday, August 03, 2012 2:29 PM  
To: Tommy Thompson; Bill O'Connor; Charlie Messer; Larry Young; J. Michael Edney  
Subject: FW: T&T Tax

fyi

From: Ferguson, Bo [mailto:bferguson@CityofHendersonville.org]  
Sent: Friday, August 03, 2012 10:04 AM  
To: Steve Wyatt  
Subject: T&T Tax

The Council discussed last not and opted to take no formal position on the T&T tax for FRP. Mayor Volk will attend your 8/8 meeting and can report that out if necessary.

Bo

W. Bowman Ferguson  
City Manager, City of Hendersonville  
145 Fifth Avenue East  
Hendersonville, N.C. 28792-4328  
Phone: 828-697-3000, Fax: 828-697-8645

Pursuant to North Carolina General Statutes Chapter 132, Public Records, this electronic mail message and any attachments hereto, as well as any electronic mail message(s) that may be sent in response to it may be considered public record and as such are subject to request and review by third parties.
----- Forwarded Message -----
From: Bill O'Connor <bill.oconnor@hendersoncountync.org>
To: Tommy H. Thompson <thomashthompson@bellsouth.net>; J. Michael Edney <jmedney@hendersoncountync.org>; Larry Young <lyoung@hendersoncountync.org>; Charlie Messer <cmesser@hendersoncountync.org>; Steve Wyatt <swwatt@hendersoncountync.org>; Russ Burrell <rburrell@hendersoncountync.org>; Terry Wilson <twilson@hendersoncountync.org>; Amy Brantley <brantley@hendersoncountync.org>; Rep. Chuck McGrady <Chuck McGrady@ncleg.net>
"Tom.Apodaca@ncleg.net" <Tom.Apodaca@ncleg.net>
Sent: Sun, August 5, 2012 10:40:44 PM
Subject: FW: Financial Statements

Tommy and other friends,

I had asked for balance sheets and income statements and got only the later, same ones you forwarded. I added some minor analytical calculations to his sheets as you can see. Unaudited, they do not tell a story of irresponsibility.

The WORD document is just another form (more nitty-gritty) of the "Occupancy Tax Proposal" presented here, I guess, as a plan. I had asked for a plan in a meeting with Marini and 5 Board members. The "plan" portion of the Proposal presents:

1. Only the softest schedule with ranges of months
2. No identified project team with roles and responsibilities
3. No firm deliverables
4. No intermediate milestones by which to judge progress.
5. The word "complete" appears only 3 times, and only the first twelve months, and connected to three things which are to be "finished".

   1. Completion is undefined
   2. Without definition, which seems not have a phase included, "finished" can be arbitrary
   3. It doesn't appear to include implementation which appears seven times but seems to mean "begin beta" for the first 5, and is associated with the ending post-mortems for the last two
   5. If we look at months 1-4 we see a fairly frantic rush to complete a series of vital decisions that appear to have achieved general if not specific agreement and consensus without having time spent on them.

It could be argued (I wish it had been - as it most surely was) that this is a the result of a QAD Sierra Nevada session and had yet to have specifics and buy-in from stake holders.

We have here before us a plan that, as is, only could reasonably be supported by donor-type flaming theatre fans. I don't think we a 100,000 of them in the county judging just by my mail.

My grave reservations extend to the fact of the authority. We need to reconsider creating unaccountable, self-managing bureaucracies that mimic all the worst aspects of the bureaucratic tyranny of Washington, evidenced by "Affordable HealthCare" (this goes for the the airport as well). I expressed my general and specific Authority reservations to both Commissioners and legislators in advance.
Pelosi was right that it has to be passed before we know what is in it; because, similar to this plan and our new authorities, nothing is in it 'til the million (or dozen) rule-writers do their devilry.

We can do better than all of this with a new bill(s) next year. The FRP seems to be doing one job excellently; finding donor support. Let us ask them how we can provide public, enthusiastic, unabashed support for these efforts in non-financial ways. The money is not ours to give.

Respect and Affection,

Bill O'Connor, Vice Chairman
Henderson County Commission

From: Bill O'Connor
Sent: Sunday, August 05, 2012 3:08 PM
To: Vincent Marini
Subject: RE: Financial Statements

Vince,
I took the liberty of modifying your spreadsheets a bit for my own clarity.

As to the Plan from yesterday, it very much wants a traditional, thorough going over from a non-marketing project management perspective. The photo is great, but it is a sunset. See you Wednesday.

Respect and Affection,

Bill O'Connor, Vice Chairman
Henderson County Commission

From: Vincent Marini [vincent@flatrockplayhouse.org]
Sent: Saturday, July 28, 2012 4:09 PM
To: Bill O'Connor
Subject: Financial Statements

Bill,

Attached are two financial statements that will fill in the blanks from the period after the 2010 990s. Let me know if you have any questions. In the meantime, we have copies of our audits available at the Playhouse. If you would like for us to drop anything off, please let me know. If you need additional documentation, please let us know.

Thanks,
Vagabond School of the Drama Financial Summary
Please note - This is an unaudited financial statement - 2011 audit is not yet complete

<table>
<thead>
<tr>
<th>INCOME STATEMENT</th>
<th>31-Dec-11</th>
<th>31-Dec-10</th>
<th>% A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned Revenue</td>
<td>$2,689,024</td>
<td>$2,580,653</td>
<td>.04</td>
</tr>
<tr>
<td>Contributed Revenue</td>
<td>$647,435</td>
<td>$426,786</td>
<td>.52</td>
</tr>
<tr>
<td>Education Revenue</td>
<td>$158,580</td>
<td>$142,564</td>
<td>.11</td>
</tr>
<tr>
<td>Misc. Revenue</td>
<td>$52,052</td>
<td>$26,762</td>
<td>.94</td>
</tr>
<tr>
<td>Total Support &amp; Revenue</td>
<td>$3,547,091</td>
<td>$3,176,766</td>
<td>.12</td>
</tr>
<tr>
<td>Gen. Theater Oper.</td>
<td>$1,045,682</td>
<td>$1,121,341</td>
<td>(.07)</td>
</tr>
<tr>
<td>Theater Production</td>
<td>$2,016,580</td>
<td>$2,286,095</td>
<td>(.12)</td>
</tr>
<tr>
<td>Development</td>
<td>$76,988</td>
<td>$75,603</td>
<td>.02</td>
</tr>
<tr>
<td>Marketing</td>
<td>$531,559</td>
<td>$500,197</td>
<td>.06</td>
</tr>
<tr>
<td>Food Service</td>
<td>$119,021</td>
<td>$175,997</td>
<td>(.32)</td>
</tr>
<tr>
<td>Education</td>
<td>$240,700</td>
<td>$220,427</td>
<td>.09</td>
</tr>
<tr>
<td>Capital Expense</td>
<td>$40,761</td>
<td>$241,966</td>
<td>(.83)</td>
</tr>
<tr>
<td>Total Expense</td>
<td>$4,071,291</td>
<td>$4,621,625</td>
<td>(.12)</td>
</tr>
</tbody>
</table>

Net Operating Income (Loss)      | ($524,199)| ($1,444,860)| (.64)|
Non Operating Income - Downtown Phase 1 | $236,834  | $149,883  | .58  |
Non Operating Expense - Downtown Phase 1 | $393,438  | $65,529   | 5.00 |

NET INCOME (LOSS)                | ($680,803)| ($1,360,506)| (.50)|

Please note that while all expenses were booked for downtown facility in 2011, a significant portion of the income will not be booked until 2012. Therefore, the more accurate picture of our 2011 is in the operating income/loss line.
Vagabond School of the Drama Financial Summary  
7/27/2012 Updated  
Please note - This is a projection based on current income and expenses for July. Final Numbers will be available in mid-August

<table>
<thead>
<tr>
<th>INCOME STATEMENT</th>
<th>Current YTD Actual</th>
<th>Previous YTD Actual</th>
<th>% &amp;</th>
<th>Annual Budget</th>
<th>YTD Budget Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned Revenue</td>
<td>$1,487,283</td>
<td>$1,486,364</td>
<td>0%</td>
<td>$3,215,884</td>
<td>387,578 .05</td>
</tr>
<tr>
<td>Contributed Revenue</td>
<td>$565,000</td>
<td>$337,734</td>
<td>67%</td>
<td>$1,006,000</td>
<td>21,498 .14</td>
</tr>
<tr>
<td>Education Revenue</td>
<td>$125,000</td>
<td>$90,441</td>
<td>38%</td>
<td>$154,000</td>
<td>(35,218) .39</td>
</tr>
<tr>
<td>Misc. Revenue</td>
<td>$4,000</td>
<td>$11,859</td>
<td>-66%</td>
<td>$15,300</td>
<td>4,920 (.16)</td>
</tr>
<tr>
<td><strong>Total Support &amp; Revenue</strong></td>
<td><strong>$2,181,283</strong></td>
<td><strong>$1,926,398</strong></td>
<td>13%</td>
<td><strong>$4,391,184</strong></td>
<td><strong>376,778 .08</strong></td>
</tr>
<tr>
<td>Gen. Theater Oper.</td>
<td>$590,569</td>
<td>$605,174</td>
<td>-2%</td>
<td>$1,172,638</td>
<td>93,079 .09</td>
</tr>
<tr>
<td>Theater Production</td>
<td>$932,434</td>
<td>$1,059,589</td>
<td>-12%</td>
<td>$2,089,115</td>
<td>285,520 .03</td>
</tr>
<tr>
<td>Development</td>
<td>$65,000</td>
<td>$43,609</td>
<td>49%</td>
<td>$116,612</td>
<td>2,985 .14</td>
</tr>
<tr>
<td>Marketing</td>
<td>$295,000</td>
<td>$271,774</td>
<td>9%</td>
<td>$503,800</td>
<td>(1,285) .17</td>
</tr>
<tr>
<td>Food Service</td>
<td>$62,544</td>
<td>$59,642</td>
<td>5%</td>
<td>$108,419</td>
<td>664 .16</td>
</tr>
<tr>
<td>Education</td>
<td>$147,115</td>
<td>$143,608</td>
<td>2%</td>
<td>$254,054</td>
<td>998 .16</td>
</tr>
<tr>
<td>Capital Expense</td>
<td>$36,768</td>
<td>$15,084</td>
<td>144%</td>
<td>$77,500</td>
<td>8,414 .06</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td><strong>$2,129,431</strong></td>
<td><strong>$2,198,480</strong></td>
<td>-3%</td>
<td><strong>$4,322,137</strong></td>
<td><strong>390,375 .08</strong></td>
</tr>
</tbody>
</table>

| Net Operating Income (Loss) | $51,852         | ($272,082)         | -119%| $69,047       | (11,598) .33         |
| Non Operating Income       | $7,039          | $147,662           | -95% | $0            | $0                    |
| Non Operating Expense      | ($10,319)       | $240,511           | -104%| $0            | $0                    |

**NET INCOME (LOSS)**  
$69,210  
($364,931)  
-119%  
$69,047  
(28,956) .59
Thanks Tommy...

Vincent Marini - Producing Artistic Director
The State Theatre of North Carolina
Flat Rock Playhouse
w: 828.693.0403 x202
m: 609.504.0187
vincent@flatrockplayhouse.org

On Aug 6, 2012, at 1:06 PM, Tommy Thompson <tthompson@hendersoncountync.org> wrote:

Vincent,

Just a quick short answer. Yes, we need to be thinking hard as to a compromise. If you have and can make the suggestion toward some compromise it would look good on FRP. I would present the compromise after your argument for the 6%. Remember, this matter does not have to be concluded on Wednesday. Wednesday is the time that all cards should be on the table and everyone understand where we "are" so that we can get to where we want to go.

Tommy

From: Vincent Marini [vincent@flatrockplayhouse.org]
Sent: Monday, August 06, 2012 10:21 AM
To: Tommy Thompson
Subject: Re: Meeting Monday Aug. 6th. 2012

I'm happy to do that but I just want to clarify. Are you saying that we should not be attempting to find a compromise that can be presented as an option at the meeting? I'm not sure we can do it anyway without a consortium of folks from different entities present to discuss it. I'm also guessing that if we do come up with a compromise, someone is going to need to present it and there will be a lot of questions that probably only the county manager and the county attorney will be able to answer. I don't think we need to solve this thing in private, but it seems to me that we need to at least understand the options available to us.

Just some guidance would be helpful to me. Do we attempt a compromise or do I come with my best argument on the 6% which we obviously believe is a strong one? Or both?

Vincent Marini
Producing Artistic Director
Flat Rock Playhouse
The State Theatre of North Carolina
p: (828) 693-0403
m: (609) 504-0187

Sent from my iPad
On Aug 5, 2012, at 8:43 PM, Tommy Thompson <tthompson@hendersoncountync.org> wrote:

Vincent,

After giving a lot of thought to my suggestion of Friday, I have concluded that it would not be a good idea to meet with all parties prior to Wednesday. This matter has to be dealt with in front of the whole community. I would be happy to meet as I suggested in an effort to reach settlement if my Board directs me to do so. I am emailing now with the idea that you are probably involved with one of your productions going on tonight. Should you desire to contact me I can be reached through the email or my home phone @ 693-4068 or my cell phone 329-1304. I apologize for jerking you around and letting you get others lined up to meet, but on second thought, a meeting prior to Wednesday is not good for any of us. Please contact those you have invited and cancel.

Tommy
This is extremely helpful. It seems like the best thing to do is to stay on-topic during the planned presentation. It might be really challenging to get our message out while also responding to a bunch of folks' individual concerns. Then, I will keep notes throughout the meeting of things that need to be addressed and if Tommy sees fit, perhaps he will allow us an opportunity to address many of the questions that are raised. I know that with limited time it will be important for us to use most of our allotment to put our best case forward.

Thanks again,

Vincent Marini - Producing Artistic Director  
The State Theatre of North Carolina  
Flat Rock Playhouse  
w: 828.693.0403 x202  
m: 609.504.0187  
vincent@flatrockplayhouse.org

On Aug 6, 2012, at 2:49 PM, Terry Wilson <twilson@hendersoncountync.org> wrote:

Vincent,

(A) The length of discussion for each party will be determined by the Chairman. (He usually gives 5 to 10 minutes per speaker)

(B) If you have a power-point, please send to me (email attachment) no later than 5:00 p.m. tomorrow (Tuesday) and I will forward to Amy Brantley so that she can prepare it for Wednesday’s meeting.

(C) The Chairman will allow response time for questions submitted by audience members* at the end of the meeting. There is an initial sign-up sheet for public input at the beginning, and another sign-up sheet* will be put out when the Commissioners have almost completed their discussion. This sign-up sheet will require name, address, and question being asked. The Commissioners will be asking the questions on the final sign-up sheet as some will hopefully have already been answered during discussion. The Commissioners will be asking the appropriate person in attendance to go to the podium (or we have a cordless microphone that may be passed around) to answer the question when necessary.

(D) You will be brought up to speak in the meeting in the order posted on the agenda. What I suggest you do is make notes when someone makes a point about FRPH or asks a question during the initial public input, and respond to everything at one time. It will make the meeting much smoother.

Of course the Chairman has the authority to make any decision during a meeting that he sees fit, but this is what has been discussed so far between me and Tommy. Please do not hesitate to contact me if you have further questions or I have further confused you in any way.

Thanks!

Terry Wilson, NCCCC  
Clerk to the Board of Commissioners  
Henderson County Governing Body  
1 Historic Courthouse Square, Suite 1  
Hendersonville, NC 28792  
828-697-4808 (phone)  
828-692-9855 (fax)
From: Vincent Marini [mailto:vincent@flatrockplayhouse.org]
Sent: Monday, August 06, 2012 2:10 PM
To: Terry Wilson
Subject: Re: Flat Rock Playhouse Rep

Terry,

I was wondering if you could define a few things for me about this meeting.

What will the structure of the meeting be? I saw the agenda but...

a. How long will each party have to speak?
b. Is there an opportunity to use any kind of visual aids (powerpoint, etc.)
c. Will we be able to respond to issues that are brought up at the meeting? For example, if a certain issue is brought up and the Playhouse needs to provide clarification, do we have an opportunity to do that throughout the meeting or do we speak at the beginning and then sit through all of the responses?

I am trying to make sure we are fully prepared to deal with everything and just some clarifications on the format of this would be helpful. I think we are assuming that we are going to be seated in a location that allows for us to answer questions throughout the meeting but perhaps that is not the case?

Having never done anything quite like this before, any clarity you can provide would be so very appreciated.

Thanks… and we're sorry that this is making more work for anyone over there at the county.

Vincent Marini - Producing Artistic Director
The State Theatre of North Carolina
Flat Rock Playhouse
w: 828.693.0403 x202
m: 609.504.0187
vincent@flatrockplayhouse.org

On Jul 27, 2012, at 8:45 AM, Terry Wilson <twilson@hendersoncountync.org> wrote:

Vincent,
Thanks for the quick response. I have noted you will representing Flat Rock Playhouse.

Have a great weekend!

Terry Wilson, NCCC
Clerk to the Board of Commissioners
Henderson County Governing Body
1 Historic Courthouse Square, Suite 1
Hendersonville, NC 28792
828-697-4808 (phone)
828-692-9855 (fax)
twilson@hendersoncountync.org

"All e-mail correspondence to and from this address is subject to the North Carolina Public Records Law, which may result in monitoring and disclosure to third parties."

From: Vincent Marini [mailto:vincent@flatrockplayhouse.org]
Sent: Thursday, July 26, 2012 11:43 PM
To: Terry Wilson
Subject: Flat Rock Playhouse Rep

Terry,

I will be representing Flat Rock Playhouse.

Thanks,

Vincent Marini - Producing Artistic Director
The State Theatre of North Carolina
Flat Rock Playhouse
w: 828.693.0403 x202
m: 609.504.0187
vincent@flatrockplayhouse.org
From: Mike Wozniak [jmwozniak@bellsouth.net]
Sent: Tuesday, August 07, 2012 7:59 AM
To: Tommy Thompson
Subject: Playhouse Funding

Mr. Thompson
You should not support additional funding for this group.
Mike Wozniak
From: Pat Jollie [pgjollie1@bellsouth.net]
Sent: Tuesday, August 07, 2012 8:54 AM
To: Tommy Thompson
Subject: Additional travel/tourism tax

Dear Commissioner Thompson:

This e-mail is to express my opinion on the upcoming vote on the additional tourism tax for which the 1% is being considered to support Flat Rock Playhouse.

I attend performances regularly at the Flat Rock Playhouse. It is a wonderful addition to the offerings for visitors and residents. However, I DO NOT favor giving the additional 1% tax or any of the tax to support the Playhouse. People who attend the performances have ample opportunity to support the Playhouse by making additional contributions. I do not think that people who DO NOT ATTEND performances at the Playhouse should contribute to the operating budget of it. It seems that the Board of Directors for the Playhouse who are responsible for the operating budget should make appeals to all interested persons in the Playhouse.

Therefore, I am asking that the Board of Commissioners DO NOT approve the tax be given to the Flat Rock Playhouse.

Thank you for your service to Henderson County and in your consideration of this proposal.

Sincerely
Pat Jollie,
Fletcher NC
IN SUPPORT OF A NEW TOURISM INITIATIVE

PREPARED BY FLAT ROCK PLAYHOUSE
(828) 693-0403
PO Box 310 - Flat Rock, North Carolina 28731
www.flatrockplayhouse.org
The History

Identifying the problem

As of January 1, 2012, Flat Rock Playhouse was substantially underfunded by the county and the state in comparison to other theaters in its budget class around the country. The average theater of its size was receiving $270,000 annually from government sources for General Operations. The Playhouse was receiving approximately $92,000 from the State of North Carolina and the Village of Flat Rock with no participation from the county. This lack of county funding was contributing to an overall shortfall in fundraising. The theater was earning 80% more revenue than the average theater in its budget class but raising only 40% as much from contributed sources. A two-pronged effort was undertaken to address the lack of county funding.

Non-profit funding from the county general fund

Having examined the past ten years of county budgets, it became clear that millions of dollars had been generously granted to non-profits in the county that provide county-wide services. The Playhouse received no funding during that ten-year period despite serving 400,000 county patrons and students. With the advent of the Playhouse Downtown and the expansion of our programming and education offerings, the Playhouse worked to secure a one-time appropriation of $100,000 to help close the funding gap with other theaters in the country and receive an appropriation from the county proportionate to its impact on the community.

Development of a long term funding mechanism

Instead of seeking an annual appropriation from the General Fund, the Playhouse believed that the most logical ongoing funding source from the county was to attempt to pursue an extension of the mechanism that already existed specifically for tourism related activities. The occupancy tax was the focus for several reasons:

1. The occupancy tax was already on the books and therefore a modification of that tax was potentially politically achievable on a state-wide basis while a new tax was not.

2. The theater already brings 60,000 tourists to the county each year, with 30,000 of those tourists coming to the county primarily to see a play, musical or concert.

3. There was an existing precedent for a private entity in the county receiving substantial funding from the tax and there were both regional and national examples of arts organizations receiving substantial funds (The Peace Center received 1.3 million from the occupancy tax).
4. When faced with the prospect of Flat Rock Playhouse ceasing to exist in part, because of a lack of county government funding, it was believed that the lodging community would prefer an increase in the tax to the potential loss of the Playhouse.

5. Unlike a typical government appropriation, the tax would incentivize the Playhouse to increase tourism and improve the county occupancy rate because the funding was tied to room night expenditures. More tourism expenditures at the hotels and inns meant more tax revenue for the Playhouse.

Point 5 above was the critical revelation

The theater began to examine the state of tourism in Henderson County and how the Playhouse could effect positive change. We immediately recognized some key issues:

1. Hotel Occupancy is at 42% in Henderson County and the average daily room rate is $69.70. Buncombe County’s Occupancy rate is 61% despite an average daily rate of $107.52. Room cost appeared to be less of an issue than promotion, integration and visibility. A 1% increase, or 70 cents per room on average seemed reasonable if we could offer the lodging partners something in return. Further, we found no substantive correlation between average room rate and occupancy in industry studies.

2. The theater is operating in an environment of limited cooperation between key tourism assets. With tourists seeking increased value and convenience, a lack of complete itinerary booking was limiting potential Playhouse reach and the theater did not have enough marketing resources to effect change.

3. The Playhouse now has additional capacity to fill and since the theater is already capturing such a substantial percentage of potential Henderson County patrons (43,000 ticket purchases out of 108,000 residents), a new plan for bringing in a larger tourism audience seemed essential.

4. The Playhouse had already invested in a substantial presence at regional and national tourism trade shows and conventions. Because we were often the only tourism entity present at these events from Henderson County, the Playhouse found itself aligning itself with Buncombe County assets.

The theater identified a number of assets that places it in a unique position among Henderson county tourism partners to effect positive change:

1. The theater has 100,000 patrons to leverage in any tourism related effort with two locations, one in the midst of Downtown Hendersonville and the other on a rural 14-acre property in Flat Rock.

2. The theater already operates a sales call center with up to six employees working up to seventy hours per week. A tremendous amount of reservation capacity and sales infrastructure already exists.

3. The Playhouse website regularly draws 15,000 visitors each month and manages thousands of ticket purchases and donations annually.

4. The theater has tremendous PR reach, with hundreds of stories written about the Playhouse each year all throughout the United States and a powerful web presence on tourism related sites.
5. The theater's recent investments make it a much stronger tourism draw, with opportunities to see as many as three different shows during a four night stay in Henderson County.

6. The Playhouse has an existing staff, billing and information technology infrastructure that can support a project of this nature.

6. The Playhouse has new opportunities to tour some of its product to other venues around the country and promote well-crafted Henderson County vacation packages in other major tourism markets.

7. The theater has an opportunity to leverage, grow and share its existing social networking efforts.

8. The theater has a strong existing relationship with Travel and Tourism and could help graph Playhouse efforts to Travel and Tourism infrastructure.
The Plan

Key Plan Goal: Increase tourist-specific attendance at Flat Rock Playhouse and The Playhouse Downtown by encouraging attendance at multiple shows during multi-night hotel/inn stays, utilizing new, creative strategies for tourism growth in Henderson County with Flat Rock Playhouse as the centerpiece.

Three main areas of focus:

1. Integration - The Playhouse will develop a clear, informative itinerary and reservation system to provide increased value and convenience to our patrons while providing a real-time system that allows all tourism related entities in the county to sell Playhouse tickets to guests.
   a. Inns and Hotels will be able to log-on and purchase reserved tickets at a special discount for guests. This will create multiple ticket outlets for FRP and provide easy, discounted, realtime service for lodging customers.
   b. Flat Rock Playhouse will incorporate “see a show and…” functionality on its website highlighting all participating Henderson County tourist attractions, lodging partners, restaurants and cultural opportunities. To see how this project will be implemented, please see the layout of the Oregon Shakespeare Festival website at www.osfashland.org and the itinerary functionality of www.exploreasheville.com. A visitor to the Playhouse website will see everything they need to book a complete vacation package and will then be able to share it with their friends via Facebook and Twitter. The system would be unique and a major point of differentiation for Henderson County, Flat Rock Playhouse and potentially Travel and Tourism.
   c. The Flat Rock Playhouse call center will be upgraded and personnel re-trained to offer complete itinerary planning. When someone calls from out of the county for ticket purchases, they will be offered an opportunity to add other options to their purchase including lodging, restaurant reservations, gold outings and more. A Playhouse sales specialist will then work with the customer on an individual basis to complete their itinerary.
   d. The Playhouse will work with Travel and Tourism to help port a complimentary system to their website and any additional potential partners to create a synergy around the new integrated systems.

2. National Promotion - Flat Rock Playhouse already generates hundreds of stories in local, regional, state and national press from television, to radio, to print and online blogs. Our goal is to refocus our national media attention on the unique experience of attending shows while visiting our beautiful corner of Western North Carolina.
   a. Flat Rock Playhouse will grow its already robust presence at regional and national tourism conventions and trade shows with a new “festival-type” focus that encourages extended stays in Henderson County built around seeing multiple shows, experiencing Main Street in Hendersonville and everything else the county has to offer.
   b. The Playhouse will partner with Travel and Tourism to bring regional and national tourism decision makers to Henderson County to see what we have to offer. If they know about us and come to understand what makes us special, they will evangelize about us nationally.
   c. The Playhouse will create a new PR and Tourism position that specifically focuses on regional and national media coverage in the context of Henderson County. This new employee will work in concert with Travel and Tourism and will help lead all FRP/T&T joint initiatives.
d. Brochures and Newsletters are the past. Social networking is the future. The Playhouse will launch a Facebook and Twitter Social networking campaign that features FRP and Henderson County. We'll work to develop a shared database of social network users who receive planned updates and special offers. All itinerary planning, ticket reservations and hotel/inn experiences will be able to be shared instantly on Facebook and Twitter.

e. The Playhouse will continue to pursue opportunities that allow us to bring our product to other major tourist locations around the country and provide strong incentives for them to visit Henderson County during their next vacation opportunity. In a location like North Myrtle Beach for example, we would directly reach at least 60,000 tourists who we already know spend money on entertainment, lodging, dining and recreation.

3. Shared Success - The Playhouse, like most entities in the county, has always been very internally focused and that has served us reasonably well for many years. However, the new reality of the last four years is that people are now looking for greater value and convenience. The Playhouse is convinced that for us to be able to compete in the “Groupon” era, we need to offer unique opportunities for both our customers and our partners.

a. The Playhouse has a huge asset to bring to the table. We have 100,000 patrons that are already purchasing tickets, almost 60,000 of which are from out of the county. The Playhouse will utilize our current relationship with those patrons to inform them about everything Henderson County has to offer. Examples include:

i. A new program that introduces our patrons to a local B&B or hotel every month at the Playhouse Downtown.

ii. A revamped electronic newsletter that features Playhouse events in concert with partner offers and opportunities specifically for our patrons.

iii. New subscription benefits for our patrons that include special offers from lodging, retail and recreation partners that they can share with family and friends.

iv. A revamped theater entrance on the Mainstage and in our Downtown venue highlighting all there is to do in Henderson County.
Flat Rock Playhouse Business Plan and Financial Summary:

Summary of the problem in 2008 and 2009:
   a. Tragic loss of Executive Director
   b. Rapidly aging audience
   c. Lack of organizational capacity – obsolete theatrical and business systems, dated
      information technology, inadequate production facilities, key staff missing.
   d. Expense growth outpacing income growth (ex: health care rising 28%/yr)
   e. Consistency of artistic product challenging because of schedule and resources
   f. Crumbling infrastructure
   g. New multi-million dollar education building with a declining program
   h. No assets for growth

Nationally, 2008 was still a strong year for theater. The organization lost $151,000. In
2009, without a one-time insurance payout and half-year salary for the Executive Director,
the organization would have lost $227,000. The theater was faced with terming out a
construction loan on the new education center and sharp increases in expenses due to
rising union, utility, maintenance and health care costs.

The board had two choices:

The first was to manage the decline, continue to run a 6%-10% deficit per year for the next
five years and end up with no cash, no new assets with income potential and no
organizational capacity for growth.

The second was to invest in the future of the Playhouse with a plan to reenergize the
organization from the inside out and provide a clear path for future growth.

   a. New leadership from outside the organization
   b. Invest in building organizational capacity
   c. Improve infrastructure and equipment
   d. Dramatically improve the quality of the product
   e. Create new, diversified streams of income
      a. Professional Music Series – emphasis on younger audience
      b. Downtown Playhouse – emphasis on younger audience
      c. Revitalized Education Program
      d. Proper focus on Fundraising and Development
         e. Give FRP work product life after FRP
   f. Improve access to the arts for all income levels
   g. Diversify and engage the Board of Directors

The board chose to invest in the organizations future. It was always clear that there would
be a period of change and adjustment as this plan was implemented in 2010 and 2011 but
we did not foresee the devastating effect the economy would have on arts and tourism
organizations. The recession contributed to a loss of 15,000 patrons in 2010, which made
an anticipated modest loss in 2010 a devastating financial blow.
In 2011, the organization regrouped, refinanced short and long-term debt and continued its action plan begun in 2010. Attendance increased to the highest levels in history, contributions increased by close to 100% and the 1.35 million dollar operating loss from 2010 was reduced to 500k in 2011.

In 2012, the theater has seen further success as the projected numbers for July indicate:

YTD as of July 31, 2010: (958,000)
YTD 2011 as of July 31, 2011: (311,804)
YTD 2012 as of July 31, 2012: +65,000 (Projected)

Expenses are under-budget for the year and we are working to end the year with a true surplus for the first time since 2007.

The theater now has major new assets to work with:
1. The revitalized YouTheatre Education Center has increased enrollment by 170% since 2010 and YT revenue is up 100%.
2. The Playhouse Downtown has the capability of adding close to $500,000 in net revenue to the Playhouse by 2014 welcoming 30,000 patrons.
3. The Music on the Rock Series is selling at 90% and will earn $250,000 by 2013.
4. The new Board of Trustees and Development Director are on track to raise well over $800,000, a 150% increase from 2009.
5. The Mainstage is now equipped to produce more complex, higher-quality productions for a national audience.
6. Playhouse product is being exported to other theaters around the country.

Challenges that remain:
1. Cash continues to be seriously constrained due to 2010 and 2011 losses.
2. Henderson County attendance is close to maxed-out and Mainstage attendance is still below expectations during non-peak seasons. A new plan is required to reach further beyond Henderson County to expand the tourist audience from 60,000 patrons in 2011 to 80,000 by 2016.
3. Despite substantial investments, The Playhouse physical plant is aging rapidly and maintenance costs will continue to increase.
4. The uncertain economic climate continues to be very challenging for arts organizations regionally and nationally. Buying habits have changed.

Changes for 2013:
1. Reduce the number of overall shows produced while increasing performances of high-demand events (Music on the Rock, populist musicals, Broadway try-outs).
2. Continue to reduce expenses. 4.6m in 2010, 4.05m in 2011 and 3.93m in 2012.
3. Begin a major new tourism, marketing and PR initiative to grow attendance.
4. Create new efficiencies in the production process to mitigate rising union costs.
Implementation Timeline

Months 1-4:
- Final review of real-time, web-based ticketing system options
- Meetings with T&T and tourism partners to finalize itinerary/booking systems
- Determine which entities want to be included in new systems and level of integration of each
- Revamped training system developed for current Box Office/Call Center Staff
- Website layout changes begin off-line
- New PR position is posted locally and nationally
- 2013 Tourism Conferences and Conventions booked

Months 5-8
- New web based ticketing system implementation begins
- Itinerary and booking system implementation begins
- Website layout changes continue with integration of itinerary systems
- PR position interviews and hiring
- 2013 Tourism Conference and Convention attendance begins
- Invitations go out to tourism decision makers for planned visits
- Social media campaign planning begins
- Schedule for new visibility 2013 season opportunities are distributed
  - Newsletter dates
  - Lodging visibility rotation dates
  - New subscriber benefit recommendations
- Final partners identified for touring opportunities and timetable established
Months 9-12
- Web based ticketing system implementation complete
- Itinerary and booking system beta-tested and taken live
- Website layout changes complete
- New PR position working closely with T&T on national press
- 2013 Tourism Conference and Convention attendance continues
- Planned visits occur during busy summer months for tourism decision makers
- Social media campaign continues
- Social media integration between tourism assets begins
- 2013 newsletter and lodging visibility project in full-swing
- 2014 Subscriptions go on sale with new subscriber benefits, access to partners in new ticketing system
- 2014 Touring Productions finalized and package sales developed
- Call center system for itinerary planning and bookings reviewed

Months 13-16
- Web based ticketing implementation at lodging partners and other tourist attractions
- Web Itinerary and Booking system live and first analytics reviewed
- 2014 Tourism Conference and Convention bookings begin
- Feedback gathered and disseminated to T&T and other partners on visits by key tourism decision makers.
- Social media campaign continues and analytics reviewed
- Planning for theater exterior project begins featuring regional tourism opportunities
- Box Office staff training begins for call center conversion
- T&T and FRP National PR rep plan 2014 press initiatives
- Call Center system for itinerary planning and bookings finalized

Months 17-20
- Web based ticketing implementation at partner attractions complete
- Adjustments made to itinerary and booking systems based on analytics

- 2014 Tourism Conference and Convention attendance begins

- T&T and FRP help implement changes based on key tourism decision makers visits.

- New tourism decision makers scheduled for summer 2014 visits

- Social media campaign continues with review of whether a full-time social media employee is needed.

- Box Office training for call center staff complete

- Box Office booking and reservation services implemented

- Theatre exterior plan is implemented

- Packages and sales practices implemented for Henderson County packages at touring venues

- If appropriate, web systems and ticketing ported to Travel and Tourism and other interested tourism entities

Months 21-22 - Evaluation, Discussions and Focus Groups

- Evaluation of all web and social media implementations

- Evaluation of call center performance

- Evaluation of all day of show implementations

- Evaluation of gains made in national and regional press

- Discussion about next steps

Please note: While Flat Rock Playhouse has seen the tax projections for the period in which the North Carolina State Legislature bill specified, the delay in implementation of the tax (assuming a Sept 1 implementation) has a profound effect on the year-one tax collection because the months of July and August are not included. Despite this loss of potential funds, the Playhouse believes that the approximately $380,000-$400,000 of revenue from the tax, when leveraged with the $7,000,000 Playhouse budget during that same 22 month period will be sufficient to fully fund the above project. These funds would not be sufficient to fund the project without the Playhouse’s existing assets and reach. A third-party organization beginning this process from scratch would incur substantial expenses related to capacity building, administration, advertising, and human resources. In short, the having the Playhouse implement this plan is the most efficient way to achieve the overall goal.
To: Henderson County Commissioners  
Date: August 6, 2012  
From: Kaye Caldwell, Clear Creek Cabins

In my letter of July 17th I requested that the commissioners hear from accommodations businesses before moving forward with any occupancy tax increase. Mr. Marini of the Flat Rock Playhouse joined me in that request at the commissioners meeting the following day. I appreciate your response to that request and the resulting opportunity to provide input. While I will be speaking as the spokesperson for accommodations businesses during that agenda item, I am writing this letter in my personal capacity. I apologize for its length.

Background

In considering your letter of July 20th announcing the Special Called Meeting (the 8/8 Forum), a group of accommodations businesses asked that I sign up to speak during the accommodations businesses section of the forum. When I signed up, as I had been asked to do, I was told that only one speaker would be allowed and that others could speak during the public comment period at the beginning of the agenda. I felt then that this put me in the position of representing all of the accommodations businesses in the county, as the only such speaker during the actual agenda item. I took this duty quite seriously and began attempting to contact all accommodations businesses listed on the Travel & Tourism web site. I had quite extensive communications with a good number of them, either by e-mail or by phone. I also attended all three of the meetings set up by the Flat Rock Playhouse1 at which Mr. Marini explained to accommodations businesses what the FRP planned to do with the tax money. I attended all three meetings in order to expose myself to the broadest range of reaction to the proposed plan. I will not be commenting on the specifics of that plan during the forum (unless you ask me to do so).

Critical review of Flat Rock Playhouse Plan Needed

However, I feel that the plan desperately needs some critical review, and I will attempt to do so in this letter, again, in my personal capacity only.

Mr. Marini is an excellent, enthusiastic, and persuasive speaker, as one would expect from one skilled in the theatrical arts. However, particularly when considering the spending of taxpayer funds, we are obligated to seek out fact over speculation and practicality over rhetoric.

Rather than focus on what Mr. Marini may or may not have said during the meetings, I will focus on the document entitled “In Support of a New Tourism Initiative”, which was prepared by the Flat Rock Playhouse and handed out at the second and third meetings. A copy of the document is attached2.

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1 The first of which was set up with my help.
2 The last three pages detailing the implementation timeline have not been included in this copy.
Issues with The Plan

1) FRP first identifies the problem as one of inadequate government funding of the FRP, and the need for development of a long term government funding mechanism, specifically the occupancy tax increase, to remedy that lack of funding.

The problem with this analysis is the implication\(^3\) that our state and in particular our county are somehow obligated to support the theater with government funds in amounts comparable to government funds given by other governments to other theaters. On the contrary, both state and county governments are obligated to spend funds in the way most appropriate for their particularly citizenry. Just for example, it would be tragic indeed were the county to be obligated to spend funds on a theater according to a specific nationwide average if citizens of our own county had more pressing needs for those funds, feeding hungry children for example. This is why we have county governments: to respond to local needs. Henderson County should feel no obligation at all to provide funds just because some other governments did so. Nor is the county obligated to provide appropriations to any non-profit “proportionate to its impact on the community”\(^4\), although the county may certainly choose to do so.

2) Next the FRP moves on to consideration of the long-term funding mechanism and focuses on the occupancy tax because, among other reasons, of the number of tourists they bring to the county. These numbers are merely stated, I assume that they from the study performed by Appalachian State University and Western Carolina University, a copy of which has not been made available to me\(^5\). The impact of the unsubstantiated numbers is questionable. Of the 30,000 people, how many stayed overnight? How many stayed overnight in Henderson County? Let’s assume all of them stay overnight, a surely exaggerated number, and of those half of them\(^6\) stay in Henderson County. At one room per 2 theater attendees, that is 7,500 room rentals. The T&T occupancy tax report shows 246,898 room rentals in the last fiscal year. Thus, calculating generously, FRP might be responsible for 3% of the rooms rented, surely not an impact big enough impact to justify a 20% increase in the occupancy tax. Suppose the proposed occupancy tax usage resulted in DOUBLE the number of tourists coming to the FRP just to see a play with fully half of them staying overnight in Henderson County, it would still only increase occupancy by a paltry 3% (or less.)

3) In point #3 regarding the focus on the occupancy tax, the Peace Center (Greenville, SC) is cited as having received 1.3 million dollars from the occupancy tax. Here the FRP is comparing apples to, well, peaches, because the Peace Center is OWNED by the city of

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\(^3\) Line 1, page 1: “FRP was substantially underfunded by the county and the state in comparison to other theaters in its budget class around the country”

\(^4\) Page 1, Paragraph 2, last sentence.

\(^5\) I do have a “summary” of the report, full of unsubstantiated statements, and lacking in any explanation of what assumptions and methodology were used in generating the report. I have received no response to my request for a copy of the actual study.

\(^6\) A number chosen because half of the lodging facilities listed on the FRP web-site are outside the county.
Greenville. Surely, the FRP is not proposing that they are now, or desire to become, a government entity.

4 & 5, the “Critical Revelation”) Skipping over point 4, which assumes a response on the part of the lodging community which is not substantiated, either in its premise or its conclusion, we come to the “critical revelation” of point 5: that the tax would incentivize the FRP to improve the county occupancy rate in order to increase their funding. As we saw above even if the FRP could double the number of people coming to the county just to see a play and assuming that ALL of them stayed overnight (half of them in Henderson County), that’s just a 3% increase in the occupancy rate. Combine that with the fact that the last 2 increases of 1% each coincided with a 14% decrease in occupancy (7% decrease in occupancy for each 1% increase in the room rate), it’s easily possible that occupancy decreases due to the increased tax could completely wipe out, and then some, any increase due to increased theater attendance. This effect is easy to see when one realizes that all overnight tourists are subject to the increased occupancy tax but only a few overnight tourists attend a play as compared to the total number of overnight tourists. Furthermore, nobody has analyzed what capacity there is for increased occupancy by day of the week or whether empty capacity of play seats corresponds with empty capacity of room rentals by day of the week. What if play attendance can be increased by 100% on weekends, but room occupancy can’t? What if room occupancy can be increased most during the week, but play attendance can only be increased significantly for weekends?

Further Consideration of the “Critical Revelation”

What’s missing here is any consideration of whether by working more closely with the accommodations businesses in Henderson County, FRP attendance could be increased with no increase in taxes at all.

So let's reverse the “critical revelation” and think about what effect increased or for that matter even steady occupancy rates could do for play attendance. Last T&T fiscal year there were about 247,000 rooms rented. (This is a very conservative figure because we know that not all room rental numbers are reported with the room revenues figures on the tax returns.) Suppose accommodations businesses could encourage just 1% of their rented room guests to attend a play at 2 people per room. That’s nearly 5000 additional theater seats sold. At $40 per ticket that’s an additional $200,000 to the Flat Rock Playhouse. Just about as much as they expect to get by raising the tax.

Consideration of the allegedly “key” issues

Going on through the document, we are presented with a list of 4 “key issues”. These include some truly astounding statements.

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7 From the Travel and Tourism Committee’s Room Tax Revenues chart, showing fiscal year 06-07 rooms rented of 287,986 when the tax was 3%, and fiscal year 10-11 rooms rented of 246,898 at the tax rate of 5%.
8 Accommodations businesses are required to report room revenues. They can, but are not required to, fill out the number of rooms rented. Some don’t report number of rooms rented.
1) First the occupancy rates of Buncombe and Henderson County are compared followed by the completely unsubstantiated and astounding statement that “we found no substantive correlation between average room rate and occupancy rate in industry studies”. “Industry studies” are credited with this fact, but no specific studies are mentioned, nor linked to so we can see how they came to this amazing conclusion. I can only surmise that the conclusion has either been taken out of context or misquoted. It is certainly NOT true that if we, for example, doubled our room rates we could do so without a precipitous decrease in occupancy. To make this statement in an environment where accommodations businesses are actually decreasing their rates to hold on to their occupancy rates is appalling. And we can’t help but note that, in this document designed to convince us that FRP can help our accommodations businesses, there is no mention of how well the FRP performances are attended.

2) The second key issue is the issue of “limited cooperation between key tourism assets”. With such vague language its hard to tell what they are referring to. However, I do know that several accommodations businesses have tried to work with the FRP and been either repeatedly ignored or rebuffed. Some examples:

- Accommodations with a link to FRP have been ignored when they asked that FRP provide a link back to them. My business itself is an example of that, in spite of Mr. Marini’s e-mailed promises.

- Accommodations seeking to provide rack cards or brochures for distribution in the FRP lobby have been told that they are not allowed to do so unless they pay for advertising in the FRP playbills. And we know from discussions with other accommodations businesses that billboard advertising is not only prohibitively expensive, but also that in at least one example it produced no results at all, even when advertising a discounted rate. Perhaps there are other more positive examples. We hope so.

If cooperation is limited, it is FRP that is limiting it.

3) The third “key issue” indicates the need for a plan to bring in a larger tourism audience. It does not distinguish between bringing in more tourists or bringing in more of the tourists who are already visiting here. I think they mean the former. I also think they should instead, at least initially, concentrate on the latter.

4) The last “key issue” is the most astounding. Here FRP complains that they are forced to deal with Buncombe County assets because they don’t find Henderson County key assets attending tourism trade show. Huh? What’s wrong with picking up the phone, or driving down the road to visit the local “key assets”? The message that is coming

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9 From Mr. Marini on 7/19, accompanying a request that I help them set up a meeting: “Please tell us how you would like to be listed on our website. We are happy to deal with that.” I responded expressing a wish for a listing on their website in the lodging list under the “Plan Your Visit” page, and information on multiple discount ticket purchases so that I could sell FRP tickets to my guests. His response was “I am copying our marketing director on this who will help you with all of your requests.” And that is the last I have heard from them on this request to be able to help them sell tickets.
through, unintended I am sure, is that they are glad to work with us as long as they are paid to do so. But now instead of just a paid advertising requirement, they want a quarter of a million dollars a year to do so. And not just for two years either, as they seem to expect that if we like what they do the tax money will keep on flowing.

**The Promise of Effecting Positive Change**

Next the FRP tries to convince us that they are in a unique position to effect positive change.

1) They mention their 100,000 patrons, (60,000 of which are from “out of the area” as they pointed out on their first page). But compare those 60,000 out of area patrons to the accommodations businesses’ 250,000 rooms which typically account for 2 patrons each. Jointly the accommodations businesses have 500,000 out of town patrons in the same year long time period. So we have roughly 10 times as many patrons as they do. Those are the ones that should be leveraged.

2) The FRP call center is suggested as a resource to take reservations and promote sales. However, many accommodations businesses are reluctant to have someone else making reservations for them. Perhaps some would find this attractive. If so, they should speak up.

3) The FRP proudly states that their web-site draws 15,000 visitors a month, implying that this is a large impressive number. But is it? On the contrary, some analysis reveals that in fact it is pitifully small. My tiny business alone draws over a quarter of that number. To really see what this number means it must be analyzed in terms of the capacity of the respective facilities. Given the number of shows scheduled for September and the capacity of the two theaters, the FRP can accommodate 12,788 theater attendees, or a maximum of 6394 couples per month, within the current number of shows. (Couples is a relevant measure because for both FRP, I assume, and my business attendance is typically by couples.) My tiny business can accommodate a maximum 60 couples per month. So for FRP with 15000 unique visitors and a 6394 sale capacity (2 tickets each sale), the result is 2.35 web site visitors for each possible sale. My web site on the other hand generates 48 unique web site visitors for each possible sale. My tiny business’s web site is 20 times as successful at attracting unique visitors as the FRP’s web site, when compared to the respective capacity of the 2 businesses. So their claim of 15,000 unique visitors per month to their web site, far from being impressive is actually quite pitiful. And I make no claim that my web-site is particularly effective. The really sad thing is that the FRP doesn’t seem to realize how pitiful their web-site metrics are.

4) “A powerful web presence on tourism related web sites”? Well, not so powerful if all they get is 15,000 visitors a month to their web-site, as discussed above. This is a fraction (about 2/3) of their seating capacity if we consider one show in each theater each day. My

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10 Mainstage has 23 shows and 506 seats, Downtown has 9 shows and 250 seats.
11 A sale of two tickets to a currently scheduled show, not even considering their capacity if they put on as much a one show per day.
website draws 70 times my total monthly capacity. And on what websites exactly to they have presence? And how many referrals to their web-site do they get from those web-sites? Examples might have been persuasive, but they are not provided.

5) This is true – opportunities for multiple night theater attendance exist. This is exactly why they should be working better with accommodations businesses to leverage our existing out-of-town visitors.

6) The FRP claims to have existing information technology resources that can support the proposed project. A careful look at their “where to stay” page several days ago showed not only that half of their recommendations are not even in Henderson County¹², but also that the links for some are not even correct. The most egregious of these link errors has been fixed since they were pointed out, but why did they even happen in the first place on a publicly accessible portion of their web-site? How long they have been like that is another question. I have attached a document of their web page as I found it several days ago. Go ahead, control-click on the Highlands Lake Inn link. You will be taken to the Highland Lake website – the one in New Hampshire. As of this writing the Apple Inn listing stills links to the Apple Inn in Oregon, however they have fixed the Highland Lake Inn link¹³. If FRP hopes to convince us of their ability to manage a website, they are surely going to have to do better than this.

7) Social networking efforts cannot have much impact if the website they are promoting is not itself well-done. And in my opinion the bottom line effect of social networking efforts is extremely questionable.

8) Before grafting playhouse efforts to T&T infrastructure the Buncombe County conflict of interest issue would have to be satisfactorily resolved. (See footnote 12.)

“The Plan”

1a) The FRP document states “Inns and Hotels will be able to log-on and purchase reserved tickets at a special discount for guests.” There is little reason that this could not be done now.

1b) The functionality related to accommodations that the FRP touts on the Oregon Shakespeare Festival web-site is little more than what is on the current T&T site, although a little more pleasingly presented. We have every confidence that the revised T&T website, planned to be accomplished within existing funding, will be just as good. The itinerary functionality of the Explore Asheville site is also something that T&T is

¹² This raises a serious question of conflict of interest on the part of FRP – do they mean to exclude accommodations outside of Henderson County from this project? That would surely not be in FRP’s best interests. Will they develop the technology and hand it over to the TDA while also using it themselves to allow outside the county accommodations to complete with us? Will we be paying for a system that benefits Buncombe County more than it does our county, the one that would be paying for it? Very serious issues are involved, but they are not being addressed as far as I know.

¹³ And while they were working on that page – what a convenient opportunity to implement Mr. Marini’s promise to me regarding listing my business there. But sadly, no, that was not done.
also looking at. I don’t see that duplicating this effort at FPR is advantageous enough to our accommodations businesses to justify double expenditures necessary to create 2 similar systems, and the accompanying risk of raising taxes on our guests.

1c) The FRP plan includes upgrading their call center and retraining their personnel. I don’t see that a call center with re-trained personnel to have theater goers add other options to their purchase is a particularly good idea. And couldn’t they do that anyway using the updated T&T web-site? I really don’t want someone else promoting my accommodations beyond just a reference to my web-site or phone number. The possibilities for mis-representation are huge. I certainly don’t want them taking reservations. The possibilities for duplicate reservations are a concern. Maybe some find this attractive, if so they should speak up. I just don’t see why FRP wants to turn itself into a mini-travel agency. This might, and probably would, work with a few accommodations that are located near to FRP or downtown, but certainly not the rest of the county. Perhaps this project would be better funded by municipalities that include FRP locations, or even by the state as a regional attraction. Perhaps an attempt to fund it just through nearby accommodations would reveal what level of interest there is in such a system.

2) A National Promotion campaign? Very expensive and very risky. Why not start with increasing attendance from nearby states and then expand in a reasonable fashion outward to more states. Some of the sub-points here are interesting, but why not start nearby and expand outward as the concept is proven to be viable? On the other hand, why duplicate T&T efforts? And massive social networking efforts? Count me out. At least implement a test project and evaluate the results first.

“Shared Success”?

As for the “shared success” section, the FRP again tries to interest us in their 60,000 out-of-the-county patrons. As noted above, this is only 1/10 the size of our patron base. It is they who should be interested in our patron base. Their specific “unique opportunities” leave much to be desired.

1) A placard in the lobby? So we can advertise to those already in town? Not really a good target – those who have already made plans to go home, or stay elsewhere. And we already know from the experience of others that advertising in the playbook is not only expensive, but did not generate any results at all. Perhaps others have had better experiences. In fact, that might be a persuasive point to make – that some accommodations businesses advertise in the playbook because of the good results it gets – but that point is not made as part of the FRP Plan so we really can’t tell if it’s even valid.

2) Item ii might be interesting – perhaps they should do a trial run and let us know how it works. But “offers and opportunities” – does he mean discounted room rates when they just earlier said our room rates were too low?
3) "Subscription offers" – do they mean offers to newsletter subscribers? Perhaps a trial run would give us some data on which to decide whether this is attractive.

4) A display area of things to do in the area? Well it's a nice idea I suppose but I wouldn't expect much from it – while things to do are certainly of interest to our guests we can already provide that to them either in our accommodations, in our phone or e-mail communications with them, or on our web-sites.

For a document designed, I assume, in conjunction with the series of meetings, to bring us to an appreciative understanding of their planned use for the new taxes they will imposes on our guests, this document and the meetings have thoroughly failed to meet their objective. I, for one, and I think most if not all others who attended, are now further insulted (as if the newspaper article was not enough\(^\text{14}\)), and certainly appalled at the FRP's lack of understanding of our industry, their blind eye to the size of our patron base as opposed to theirs, and their lack of web competency or even understanding of basic web metrics.

I can only urge the commissioners to run from this exceedingly flawed plan as fast as they possibly can.

Kayc Caldwell
828-606-1977 (cell)

\(^{14}\) Where Mr. Marini stated of Henderson County tourism-related businesses: "just doing the same thing over and over and over again." "And expecting a different result is not a logical way to approach this." Thus, having lost $1.4 million in 2010, he now feels qualified to advise us on how to run our businesses. See: http://www.blueridgenow.com/article/20120724/ARTICLES/120729898?p=all&tc=pgall
Plan Your Visit

The Village of Flat Rock is a charming and historical town, located in the beautiful landscape of Western North Carolina. Just 25 minutes from Asheville and the Biltmore Estate and five minutes outside of Historic Hendersonville, Flat Rock is a popular destination – an ideal vacation area for a day trip, weekend or extended stay.

Whether exploring the great outdoors along the Blue Ridge Parkway or the many waterfalls and National Parks in the area, Leisure activities about for both family activities and romantic getaways.

Flat Rock and Hendersonville have all you need:

- Arts & Attractions
- Specialty Shops
- Restaurants
- Lodging

Baymont Inn – Biltmore
Best Western – Biltmore East
Brookstone Lodge
Holiday Inn Express Flat Rock
Ramada Hendersonville
Red Roof Hendersonville
Comfort Inn Hendersonville
The Apple Inn Bed and Breakfast
Grand Bohemian Hotel
Four Points by Sheraton
Highland Lake Inn
1898 Waverly Inn

Printed: July 25, 2012
From: Kaye Caldwell [Kaye@ClearCreekCabins.com]  
Sent: Tuesday, August 07, 2012 10:06 AM  
To: Tommy Thompson; Bill O'Connor; J. Michael Edney; Charlie Messer; Larry Young  
Subject: Analysis of FRP Plan

On August 8th, I will be speaking to you on behalf of accommodations businesses at your Forum on the Occupancy Tax Increase. Once I was informed by your clerk that I would be the only speaker during the “Accommodations Businesses” agenda item (only one being allowed), I took it upon myself to contact as many accommodations business as I could, by e-mail or phone, from the T&T web-site listings, and to attend all of the meetings the FRP held to inform us of their plans for the tax money.

At the forum I will be presenting the very strong consensus of the accommodations businesses regarding the proposed tax increase and use of the resulting funds. I will NOT be addressing specifics of the FRP plan at that Forum (unless you ask me to, of course).

However, in my personal capacity, I believe that plan is in need of critical review. Therefore I have written you the attached letter. It is long, and detailed, but I urge you to take the time to read it.

When I started out to attend the FRP’s meetings on the FRP Plan I was looking forward to a well thought out plan that had benefits for the county’s accommodations businesses. When I came out of the meetings and studied the plan presented, I was disappointed, disillusioned, and to be blunt about it, felt like I was being conned. The attached letter details why.

In case you are wondering, I do NOT plan to release this letter to anyone but the commissioners. If you want to distribute it, that is up to you.

Should you have questions, I will be in my office all day today and reachable by either e-mail or phone.

I thank you for your attention to this matter.

Kaye Caldwell

606-1977 (cell)

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Kaye Caldwell
Clear Creek Cabins
877-715-2783
Boyd Hyder

165 Puncheon Camp Creek Road
Hendersonville, NC 28792
(828) 685-3403 • (828) 606-4424 Cell

8/7/2012

Henderson County Board of Commissioners
1 Historic Courthouse Square, Suite 1
Hendersonville, NC 28792

Dear Commissioners,

I am writing on behalf of The Mountain Inn and Suites and Mountain Lodge Hotels located here in Henderson County, NC.

These businesses are 100% owned by local individuals in the county. As owners of these businesses, we urge the Commissioners “NOT” to raise the occupancy tax rates in Henderson County.

Henderson County currently has one of the higher tax rates in the region. Raising taxes further will force our rates higher than our competitors in our surrounding counties. As business owners we have personally invested over $10 million to build these businesses. Each year, property taxes of approximately $70,000 are paid to the county and city. As a motel owner we are directly impacted by the occupancy rate and feel we should have voice in what money is collected and how it is utilized.

Our biggest concern over the proposed increase is how the money is to be used. The Flat Rock Playhouse is a fine organization we have supported in the past. This year we donated the use of 100 rooms to the Playhouse. We do however feel using taxpayer dollars to fund a non-profit organization is not acceptable and sets a precedent for the improper uses of taxpayer funds. Before any taxpayer funds are used to support an independent non-profit organization, proper due diligence must be performed including an independent audit of the organization to determine how the money is to be used. Note if public funds are used, the public is entitled to know how the taxpayer money is spent, including any re-payment of loans and or any potential conflict of interest.

Please support our local lodging industry by NOT supporting an increase to our current occupancy tax.

Sincerely,

Boyd Hyder
From: Will [will@pennyinsuranceagency.com]
Sent: Tuesday, August 07, 2012 4:28 PM
To: Tommy Thompson
Subject: Room Tax

Mr. Thompson,
I know that you must be overwhelmed with phone calls and emails regarding the room tax/Playhouse issue. However there is a larger issue that I strongly believe needs to be considered. Our county needs growth. We need business to move here. We need families to move here. My concern is the message that we, as a county and community are sending. The picture we are painting of our county is quite frankly, an ugly one.

Anyone who is considering moving to WNC or moving their business to our area is going to research via the internet. They are going to read the Hendersonville Lightning and Blue Ridge Now and what they will discover is not good. What they will see is that whenever anyone proposes an idea that they think might benefit the county they are subjected to anger, personal attack, and in many cases outright lies and personal character assassination. It is happening with the Flat Rock Playhouse and it happened with the Soccer complex, sidewalks, the Trolley, etc. This has become a pattern in our county and in our county government.

Our decisions must be based on thoughtful reason and fact, not on opinion, rumors and lies. How can we expect to retain our best and brightest and to attract the best and brightest when we create such negativity? I spoke with a young woman who grew up here and is now getting her Masters in Education from Harvard. She has no interest in moving back to Henderson County because her perception is that we are dominated by “angry rednecks and grumpy bitter old people”. I know that we are better than that but that is the image we a presenting.

I ask that you take a minute before the public input session tomorrow to ask all involved to step back and look at the broader picture. We can all agree to disagree and do so with respect and integrity. Attacking individuals and organizations with misrepresentations, anger, lies and personal agendas does not benefit our county in any way. I ask that the commissioners make an effort and agree to conduct yourselves in a manner that brings honor to our county.

Please do not allow twisted facts and allegations, anger and personal agendas and a destructive attitude to define Henderson County.

Respectfully,

William Penny, Jr

[QR Code]

Scan and get connected!

www.pennyinsuranceagency.com
828-692-9171
Mr. Thompson, you have gone on record as saying you want all the facts in the matter of mismanaging funds at the FRP. Of course, this is as it should be, since missing crucial information invariably leads to ineffective and poor decision making.

Like the decision made by the FRP Board to hire Mr. Marini in the first place, considering his previous background. Had the Board actually lived up to its responsibilities to the people of Hendersonville, it would have checked into Mr. Marini's past employment before awarding him a contract. But, it obviously failed to do that .. as it has failed in every other way since.

Fortunately for us, the facts continue to be disclosed regarding Mr. Marini and his past record of employment. One person recently posted the following:

I am astonished no one has researched what happened to the last theater Mr. Marini managed... The Lenape Regional Performing Arts Center in Marlton, NJ. Link: http://www.sjheater.com/ It is my understanding that it went broke and closed shortly after Marini left it for the FRP job in late 2009. He was director there for six years. It had no 2010 season. The given reason: It lost state taxpayer funding... it was otherwise financially broke. Sound familiar? It seems he went in and spent lavishly on expensive renovations... changed the playbill to include more "edgy" shows (some of the SAME ones he brought to FRP)... claiming that the new shows would attract a younger audience from nearby cities and bring big tourist dollars to Marlton... and by telling the powers-that-be that they could make money by way of royalties when Broadway picked up his shows... then he brought in many of his favorite cronies from New York... etc., etc. Sound familiar? The most accurate predictor of future behavior.... is past behavior.

This is not the first time I have been made aware of this pattern of behavior connected with Mr. Marini. A close friend uncovered this same information and shared it with me toward the end of 2010, as the FRP was rapidly sliding into major debt due to Mr. Marini's obvious mismanagement of the operation .. exactly like what happened earlier with The Lenape Regional Arts Center in Marlton, NJ. A simple matter of history repeating itself.

In the last analysis, it is the devastating combination of the abject failure of the Board and its members, combined with an established pattern of failure on the part of Mr. Marini that has now placed our long revered Flat Rock Playhouse not only in financial jeopardy, but on the verge of total collapse due to mismanagement and insufficient funding.

It all goes back to the Board failing to do its job in hiring a "qualified" director for the Flat Rock Playhouse. Putting a regional arts center out of business due to managerial incompetence does not meet the definition of "qualified".

The facts, Mr. Thompson, continue to emerge .......

Brent Tuthill, Ph.D.
See below....response from the City of Hendersonville.

Terry Wilson, NCCC
Clerk to the Board of Commissioners
Henderson County Governing Body
1 Historic Courthouse Square, Suite 1
Hendersonville, NC 28792
828-697-4808 (phone)
828-692-9855 (fax)
twilson@hendersoncountync.org

"All e-mail correspondence to and from this address is subject to the North Carolina Public Records Law, which may result in monitoring and disclosure to third parties."

From: Drake, Tammie [mailto:tdrake@cityofhendersonville.org]
Sent: Monday, August 06, 2012 3:04 PM
To: Terry Wilson
Subject: RE: Tourism Development Authority

Terry,

Please see below. Thanks for calling me back. This is what I was calling about.

Thanks,

Tammie

From: Terry Wilson [mailto:twilson@hendersoncountync.org]
Sent: Monday, August 06, 2012 12:10 PM
To: Drake, Tammie
Cc: Ferguson, Bo; Volk, Barbara
Subject: RE: Tourism Development Authority

Tammie,

Of your appointments to the Henderson Tourism Development Authority which hold the following criteria:

1 must be affiliated with a business that collects occupancy tax – Selena Einwechter
1 must be affiliated with the promotion of tourism in Henderson County – Brenda Ramer
1 is At large – Bo Ferguson

All three (3) must be registered to vote in Henderson County.
Thanks so much~

Terry
HENDERSON COUNTY TOURISM DEVELOPMENT AUTHORITY
This Board meets

CITY REPRESENTATIVES TERM
EXPIRES
APPOINTED
Selena Einwechter
400 Ray Hill Road
Mills River NC 28759
Phone: 290-6080 (work)
e-mail: seleinaeinwechter@yahoo.com
06-30-17 08-02-12

Bo Ferguson
City of Hendersonville City Manager
145 Fifth Ave. E.
Hendersonville NC 28792
Phone: 697-3000 (work)
e-mail: bferguson@cityofhendersonville.org
06-30-16
08-02-12

Brenda (BJ) Ramer
1217 Forest Hill Dr.
Hendersonville NC 28791
Phone: 692-8386 (work)
692-3549 (home)
e-mail: bjr amer@team-ecco.com
06-30-15 08-02-12
Contact person:
Visitors Center
P.O. Box 721
Hendersonville NC 28793-0721
Phone: 693-9708
G:\Clerk\Boards\Travel & Tourism\Tourism Dev Authority members 1208.wpd

Terry Wilson, NCCCC
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From: Drake, Tammie [mailto:tdrake@cityofhendersonville.org]
Sent: Friday, August 03, 2012 12:52 PM
To: Terry Wilson  
Cc: Ferguson, Bo  
Subject: Tourism Development Authority  

Hi Terry,  
Attached is a list of City representatives appointed by the City Council at their meeting held August 2, 2012. Please let me know if you have any questions.

Thanks,
Tammie
Ph: 828/697-3005
Commissioner Tommy Thompson  
Henderson County Board of Commissioners  
1 Historic Courthouse Square, Suite 1  
Hendersonville, NC 28792

Dear Commissioner Thompson,

We are writing in support of the proposal for Henderson County to levy a 1% Occupancy Tax for the benefit of Flat Rock Playhouse.

The Playhouse is an invaluable asset to Henderson County. We have lived here for 30 years and have watched FRP through good times and bad, consistently contributing not only to the cultural life and well-being of our citizens, but to the benefit of our county’s economy.

The Playhouse is an enormous plus to our county’s image across our region, and throughout the Southeast. Attend any performance and note the license plates from many states. Then ask those seated around you, especially people you may not know, and you will hear again and again that folks are repeaters, that they love FRP. Many come for several performances during the season.

Ask our local businesses. Restaurants and hotels alike know that their tables and rooms are often filled with theater patrons. We understand their concern about raising any taxes in light of our current, depressed economy. But average Buncombe County hotel rates, for example, are significantly higher than ours here in Henderson County; a 1% tax will not change that in any significant manner. Add distance, time, and the price of gasoline to the picture, and our hotels will still represent a bargain.

The Playhouse is too valuable to us all, theater patrons, local merchants, local hoteliers alike, not to support this proposed aid. FRP GIVES BACK demonstrably with every ticket sold.

We are in favor of the proposed 1% levy; it will support a genuine investment in our community.

Very truly yours,

William O. and Jana Johnson Humleker
To: Henderson County Commissioners  
Date: August 6, 2012  
From: Kaye Caldwell, Clear Creek Cabins  

In my letter of July 17th I requested that the commissioners hear from accommodations businesses before moving forward with any occupancy tax increase. Mr. Marini of the Flat Rock Playhouse joined me in that request at the commissioners meeting the following day. I appreciate your response to that request and the resulting opportunity to provide input. While I will be speaking as the spokesperson for accommodations businesses during that agenda item, I am writing this letter in my personal capacity. I apologize for its length.  

Background  

In considering your letter of July 20th announcing the Special Called Meeting (the 8/8 Forum), a group of accommodations businesses asked that I sign up to speak during the accommodations businesses section of the forum. When I signed up, as I had been asked to do, I was told that only one speaker would be allowed and that others could speak during the public comment period at the beginning of the agenda. I felt then that this put me in the position of representing all of the accommodations businesses in the county, as the only such speaker during the actual agenda item. I took this duty quite seriously and began attempting to contact all accommodations businesses listed on the Travel & Tourism website. I had quite extensive communications with a good number of them, either by e-mail or by phone. I also attended all three of the meetings set up by the Flat Rock Playhouse1 at which Mr. Marini explained to accommodations businesses what the FRP planned to do with the tax money. I attended all three meetings in order to expose myself to the broadest range of reaction to the proposed plan. I will not be commenting on the specifics of that plan during the forum (unless you ask me to do so).  

Critical review of Flat Rock Playhouse Plan Needed  

However, I feel that the plan desperately needs some critical review, and I will attempt to do so in this letter, again, in my personal capacity only.  

Mr. Marini is an excellent, enthusiastic, and persuasive speaker, as one would expect from one skilled in the theatrical arts. However, particularly when considering the spending of taxpayer funds, we are obligated to seek out fact over speculation and practicality over rhetoric.  

Rather than focus on what Mr. Marini may or may not have said during the meetings, I will focus on the document entitled “In Support of a New Tourism Initiative”, which was prepared by the Flat Rock Playhouse and handed out at the second and third meetings. A copy of the document is attached2.  

1 The first of which was set up with my help.  
2 The last three pages detailing the implementation timeline have not been included in this copy.
Issues with The Plan

1) FRP first identifies the problem as one of inadequate government funding of the FRP, and the need for development of a \textit{long term} government funding mechanism, specifically the occupancy tax increase, to remedy that lack of funding.

The problem with this analysis is the implication\textsuperscript{3} that our state and in particular our county are somehow obligated to support the theater with government funds in amounts comparable to government funds given by other governments to other theaters. On the contrary, both state and county governments are obligated to spend funds in the way most appropriate for their particularly citizenry. Just for example, it would be tragic indeed were the county to be obligated to spend funds on a theater according to a specific nationwide average if citizens of our own county had more pressing needs for those funds, feeding hungry children for example. This is why we have county governments: to respond to local needs. Henderson County should feel no obligation at all to provide funds just because some other governments did so. Nor is the county obligated to provide appropriations to any non-profit “proportionate to its impact on the community”\textsuperscript{4}, although the county may certainly \textbf{choose} to do so.

2) Next the FRP moves on to consideration of the long-term funding mechanism and focuses on the occupancy tax because, among other reasons, of the number of tourists they bring to the county. These numbers are merely stated, I assume that they from the study performed by Appalachian State University and Western Carolina University, a copy of which has not been made available to me\textsuperscript{5}. The impact of the unsubstantiated numbers is questionable. Of the 30,000 people, how many stayed overnight? How many stayed overnight in Henderson County? Let’s assume all of them stay overnight, a surely exaggerated number, and of those half of them\textsuperscript{6} stay in Henderson County. At one room per 2 theater attendees, that is 7,500 room rentals. The T&T occupancy tax report shows 246,898 room rentals in the last fiscal year. Thus, calculating generously, FRP might be responsible for 3\% of the rooms rented, surely not an impact big enough to justify a 20\% increase in the occupancy tax. Suppose the proposed occupancy tax usage resulted in \textbf{DOUBLE} the number of tourists coming to the FRP just to see a play with fully half of them staying overnight in Henderson County, it would still only increase occupancy by a paltry 3\% (or less.)

3) In point \#3 regarding the focus on the occupancy tax, the Peace Center (Greenville, SC) is cited as having received 1.3 million dollars from the occupancy tax. Here the FRP is comparing apples to, well, peaches, because the Peace Center is OWNED by the city of

\textsuperscript{3} Line 1, page 1: “FRP was substantially underfunded by the county and the state in comparison to other theaters in its budget class around the country”
\textsuperscript{4} Page 1, Paragraph 2, last sentence.
\textsuperscript{5} I do have a “summary” of the report, full of unsubstantiated statements, and lacking in any explanation of what assumptions and methodology were used in generating the report. I have received no response to my request for a copy of the actual study.
\textsuperscript{6} A number chosen because half of the lodging facilities listed on the FRP website are outside the county.
Greenville. Surely, the FRP is not proposing that they are now, or desire to become, a government entity.

4 & 5, the “Critical Revelation” Skipping over point 4, which assumes a response on the part of the lodging community which is not substantiated, either in its premise or its conclusion, we come to the “critical revelation” of point 5: that the tax would incentivize the FRP to improve the county occupancy rate in order to increase their funding. As we saw above even if the FRP could double the number of people coming to the county just to see a play and assuming that ALL of them stayed overnight (half of them in Henderson County), that’s just a 3% increase in the occupancy rate. Combine that with the fact that the last 2 increases of 1% each coincided with a 14% decrease in occupancy7 (7% decrease in occupancy for each 1% increase in the room rate), it’s easily possible that occupancy decreases due to the increased tax could completely wipe out, and then some, any increase due to increased theater attendance. This effect is easy to see when one realizes that all overnight tourists are subject to the increased occupancy tax but only a few overnight tourists attend a play as compared to the total number of overnight tourists. Furthermore, nobody has analyzed what capacity there is for increased occupancy by day of the week or whether empty capacity of play seats corresponds with empty capacity of room rentals by day of the week. What if play attendance can be increased by 100% on weekends, but room occupancy can’t? What if room occupancy can be increased most during the week, but play attendance can only be increased significantly for weekends?

Further Consideration of the “Critical Revelation”

What’s missing here is any consideration of whether by working more closely with the accommodations businesses in Henderson County, FRP attendance could be increased with no increase in taxes at all.

So lets reverse the “critical revelation” and think about what effect increased or for that matter even steady occupancy rates could do for play attendance. Last T&T fiscal year there were about 247,000 rooms rented. (This is a very conservative figure because we know that not all room rental numbers8 are reported with the room revenues figures on the tax returns.) Suppose accommodations businesses could encourage just 1% of their rented room guests to attend a play at 2 people per room. That’s nearly 5000 additional theater seats sold. At $40 per ticket that’s an additional $200,000 to the Flat Rock Playhouse. Just about as much as they expect to get by raising the tax.

Consideration of the allegedly “key” issues

Going on through the document, we are presented with a list of 4 “key issues”. These include some truly astounding statements.

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7 From the Travel and Tourism Committee’s Room Tax Revenues chart, showing fiscal year 06-07 rooms rented of 287,986 when the tax was 3%, and fiscal year 10-11 rooms rented of 246,898 at the tax rate of 3%.

8 Accommodations businesses are required to report room revenues. They can, but are not required to, fill out the number of rooms rented. Some don’t report number of rooms rented.
1) First the occupancy rates of Buncombe and Henderson County are compared followed by the completely unsubstantiated and astounding statement that “we found no substantive correlation between average room rate and occupancy rate in industry studies”. “Industry studies” are credited with this fact, but no specific studies are mentioned, nor linked to so we can see how they came to this amazing conclusion. I can only surmise that the conclusion has either been taken out of context or misquoted. It is certainly NOT true that if we, for example, doubled our room rates we could do so without a precipitous decrease in occupancy. To make this statement in an environment where accommodations businesses are actually decreasing their rates to hold on to their occupancy rates is appalling. And we can’t help but note that, in this document designed to convince us that FRP can help our accommodations businesses, there is no mention of how well the FRP performances are attended.

2) The second key issue is the issue of “limited cooperation between key tourism assets”. With such vague language its hard to tell what they are referring to. However, I do know that several accommodations businesses have tried to work with the FRP and been either repeatedly ignored or rebuffed. Some examples:

- Accommodations with a link to FRP have been ignored when they asked that FRP provide a link back to them. My business itself is an example of that, in spite of Mr. Marini’s e-mailed promises⁹.
- Accommodations seeking to provide rack cards or brochures for distribution in the FRP lobby have been told that they are not allowed to do so unless they pay for advertising in the FRP playbills. And we know from discussions with other accommodations businesses that playbill advertising is not only prohibitively expensive, but also that in at least one example it produced no results at all, even when advertising a discounted rate. Perhaps there are other more positive examples. We hope so.

If cooperation is limited, it is FRP that is limiting it.

3) The third “key issue” indicates the need for a plan to bring in a larger tourism audience. It does not distinguish between bringing in more tourists or bringing in more of the tourists who are already visiting here. I think they mean the former. I also think they should instead, at least initially, concentrate on the latter.

4) The last “key issue” is the most astounding. Here FRP complains that they are forced to deal with Buncombe County assets because they don’t find Henderson County key assets attending tourism trade show. Huh? What’s wrong with picking up the phone, or driving down the road to visit the local “key assets”? The message that is coming

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⁹ From Mr. Marini on 7/19, accompanying a request that I help them set up a meeting: “Please tell us how you would like to be listed on our website. We are happy to deal with that.” I responded expressing a wish for a listing on their website in the lodging list under the “Plan Your Visit!” page, and information on multiple discount ticket purchases so that I could sell FRP tickets to my guests. His response was “I am copying our marketing director on this who will help you with all of your requests.” And that is the last I have heard from them on this request to be able to help them sell tickets.
through, unintended I am sure, is that they are glad to work with us as long as they are paid to do so. But now instead of just a paid advertising requirement, they want a quarter of a million dollars a year to do so. And not just for two years either, as they seem to expect that if we like what they do the tax money will keep on flowing.

The Promise of Effecting Positive Change

Next the FRP tries to convince us that they are in a unique position to effect positive change.

1) They mention their 100,000 patrons, (60,000 of which are from “out of the area” as they pointed out on their first page). But compare those 60,000 out of area patrons to the accommodations businesses’ 250,000 rooms which typically account for 2 patrons each. Jointly the accommodations businesses have 500,000 out of town patrons in the same year long time period. So we have roughly 10 times as many patrons as they do. Those are the ones that should be leveraged.

2) The FRP call center is suggested as a resource to take reservations and promote sales. However, many accommodations businesses are reluctant to have someone else making reservations for them. Perhaps some would find this attractive. If so, they should speak up.

3) The FRP proudly states that their web-site draws 15,000 visitors a month, implying that this is a large impressive number. But is it? On the contrary, some analysis reveals that in fact it is pitifully small. My tiny business alone draws over a quarter of that number. To really see what this number means it must be analyzed in terms of the capacity of the respective facilities. Given the number of shows10 scheduled for September and the capacity of the two theaters, the FRP can accommodate 12,788 theater attendees, or a maximum of 6394 couples per month, within the current number of shows. (Couples is a relevant measure because for both FRP, I assume, and my business attendance is typically by couples.) My tiny business can accommodate a maximum 60 couples per month. So for FRP with 15,000 unique visitors and a 6394 sale capacity (2 tickets each sale), the result is 2.35 web site visitors for each possible sale11. My web site on the other hand generates 48 unique web site visitors for each possible sale. My tiny business’s web site is 20 times as successful at attracting unique visitors as the FRP’s web site, when compared to the respective capacity of the 2 businesses. So their claim of 15,000 unique visitors per month to their web site, far from being impressive is actually quite pitiful. And I make no claim that my web-site is particularly effective. The really sad thing is that the FRP doesn’t seem to realize how pitiful their web-site metrics are.

4) “A powerful web presence on tourism related web sites”? Well, not so powerful if all they get is 15,000 visitors a month to their web-site, as discussed above. This is a fraction (about 2/3) of their seating capacity if we consider one show in each theater each day. My

10 Mainstage has 23 shows and 506 seats, Downtown has 9 shows and 250 seats.
11 A sale of two tickets to a currently scheduled show, not even considering their capacity if they put on as much a one show per day.
website draws 70 times my total monthly capacity. And on what websites exactly to they
have presence? And how many referrals to their web-site do they get from those web-
sites? Examples might have been persuasive, but they are not provided.

5) This is true – opportunities for multiple night theater attendance exist. This is exactly
why they should be working better with accommodations businesses to leverage our
existing out-of-town visitors.

6) The FRP claims to have existing information technology resources that can support the
proposed project. A careful look at their “where to stay” page several days ago showed
not only that half of their recommendations are not even in Henderson County₁², but also
that the links for some are not even correct. The most egregious of these link errors has
been fixed since they were pointed out, but why did they even happen in the first place on
a publicly accessible portion of their web-site? How long have they been like that is
another question. I have attached a document of their web page as I found it several days
ago. Go ahead, control-click on the Highlands Lake Inn link. You will be taken to the
Highland Like Inn website – the one in New Hampshire. As of this writing the Apple Inn
listing stills links to the Apple Inn in Oregon, however they have fixed the Highland Lake
Inn link₁₃. If FRP hopes to convince us of their ability to manage a website, they are
surely going to have to do better than this.

7) Social networking efforts cannot have much impact if the website they are promoting
is not itself well-done. And in my opinion the bottom line effect of social networking
efforts is extremely questionable.

8) Before grafting playhouse efforts to T&T infrastructure the Buncombe County conflict
of interest issue would have to be satisfactorily resolved. (See footnote 12.)

“The Plan”

1a) The FRP document states “Inns and Hotels will be able to log-on and purchase
reserved tickets at a special discount for guests.” There is little reason that this could not
be done now.

1b) The functionality related to accommodations that the FRP touts on the Oregon
Shakespeare Festival web-site is little more than what is on the current T&T site,
although a little more pleasingly presented. We have every confidence that the revised
T&T website, planned to be accomplished within existing funding, will be just as good.
The itinerary functionality of the Explore Asheville site is also something that T&T is

₁² This raises a serious question of conflict of interest on the part of FRP – do they mean to exclude
accommodations outside of Henderson County from this project? That would surely not be in FRP’s best
interests. Will they develop the technology and hand it over to the TDA while also using it themselves to
allow outside the county accommodations to compete with us? Will we be paying for a system that
benefits Buncombe County more than it does our county, the one that would be paying for it? Very serious
issues are involved, but they are not being addressed as far as I know.

₁₃ And while they were working on that page – what a convenient opportunity to implement Mr. Marini’s
promise to me regarding listing my business there. But sadly, no, that was not done.
also looking at. I don’t see that duplicating this effort at FPR is advantageous enough to our accommodations businesses to justify double expenditures necessary to create 2 similar systems, and the accompanying risk of raising taxes on our guests.

1c) The FRP plan includes upgrading their call center and retraining their personnel. I don’t see that a call center with re-trained personnel to have theater goers add other options to their purchase is a particularly good idea. And couldn’t they do that anyway using the updated T&T web-site? I really don’t want someone else promoting my accommodations beyond just a reference to my web-site or phone number. The possibilities for mis-representation are huge. I certainly don’t want them taking reservations. The possibilities for duplicate reservations are a concern. Maybe some find this attractive, if so they should speak up. I just don’t see why FRP wants to turn itself into a mini-travel agency. This might, and probably would, work with a few accommodations that are located near to FRP or downtown, but certainly not the rest of the county. Perhaps this project would be better funded by municipalities that include FRP locations, or even by the state as a regional attraction. Perhaps an attempt to fund it just through nearby accommodations would reveal what level of interest there is in such a system.

2) A National Promotion campaign? Very expensive and very risky. Why not start with increasing attendance from nearby states and then expand in a reasonable fashion outward to more states. Some of the sub-points here are interesting, but why not start nearby and expand outward as the concept is proven to be viable? On the other hand, why duplicate T&T efforts? And massive social networking efforts? Count me out. At least implement a test project and evaluate the results first.

“Shared Success”?

As for the “shared success” section, the FRP again tries to interest us in their 60,000 out-of-the county patrons. As noted above, this is only 1/10 the size of our patron base. It is they who should be interested in our patron base. Their specific “unique opportunities” leave much to be desired.

1) A placard in the lobby? So we can advertise to those already in town? Not really a good target — those who have already made plans to go home, or stay elsewhere. And we already know from the experience of others that advertising in the playbill is not only expensive, but did not generate any results at all. Perhaps others have had better experiences. In fact, that might be a persuasive point to make — that some accommodations businesses advertise in the playbill because of the good results it gets — but that point is not made as part of the FRP Plan so we really can’t tell if it’s even valid.

2) Item it might be interesting — perhaps they should do a trial run and let us know how it works. But “offers and opportunities” — does he mean discounted room rates when they just earlier said our room rates were too low?
3) “Subscription offers” – do they mean offers to newsletter subscribers? Perhaps a trial run would give us some data on which to decide whether this is attractive.
4) A display area of things to do in the area? Well it's a nice idea I suppose but I wouldn’t expect much from it – while things to do are certainly of interest to our guests we can already provide that to them either in our accommodations, in our phone or e-mail communications with them, or on our web-sites.

For a document designed, I assume, in conjunction with the series of meetings, to bring us to an appreciative understanding of their planned use for the new taxes they will impose on our guests, this document and the meetings have thoroughly failed to meet their objective. I, for one, and I think most if not all others who attended, are now further insulted (as if the newspaper article was not enough\textsuperscript{14}), and certainly appalled at the FRP’s lack of understanding of our industry, their blind eye to the size of our patron base as opposed to theirs, and their lack of web competency or even understanding of basic web metrics.

I can only urge the commissioners to run from this exceedingly flawed plan as fast as they possibly can.

Kaye Caldwell
828-606-1977 (cell)

\textsuperscript{14} Where Mr. Marini stated of Henderson County tourism-related businesses: "just doing the same thing over and over and over again." "And expecting a different result is not a logical way to approach this." Thus, having lost $1.4 million in 2010, he now feels qualified to advise us on how to run our businesses. See: http://www.bleeridgenow.com/article/20120724/ARTICLES/120729898?p=all&te=p gall
From: Vincent Marini [vincent@flatrockplayhouse.org]
Sent: Monday, August 06, 2012 1:14 PM
To: Tommy Thompson
Subject: Re: Meeting Monday Aug. 6th. 2012

Thanks Tommy...

Vincent Marini - Producing Artistic Director
The State Theatre of North Carolina
Flat Rock Playhouse
w: 828.693.0403 x202
m: 609.504.0187
vincent@flatrockplayhouse.org

On Aug 6, 2012, at 1:06 PM, Tommy Thompson <tthompson@hendersoncountync.org> wrote:

Vincent,

Just a quick short answer.  
Yes, we need to be thinking hard as to a compromise.  If you have and can make the suggestion toward some compromise it would look good on FRP.  I would present the compromise after your argument for the 6%.  Remember, this matter does not have to be concluded on Wednesday.  Wednesday is the time that all cards should be on the table and everyone understand where we "are" so that we can get to where we want to go.

Tommy

From: Vincent Marini [vincent@flatrockplayhouse.org]
Sent: Monday, August 06, 2012 10:21 AM
To: Tommy Thompson
Subject: Re: Meeting Monday Aug. 6th. 2012

I'm happy to do that but I just want to clarify. Are you saying that we should not be attempting to find a compromise that can be presented as an option at the meeting? I'm not sure we can do it anyway without a consortium of folks from different entities present to discuss it. I'm also guessing that if we do come up with a compromise, someone is going to need to present it and there will be a lot of questions that probably only the county manager and the county attorney will be able to answer. I don't think we need to solve this thing in private, but it seems to me that we need to at least understand the options available to us.

Just some guidance would be helpful to me. Do we attempt a compromise or do I come with my best argument on the 6% which we obviously believe is a strong one? Or both?

Vincent Marini
Producing Artistic Director
Flat Rock Playhouse
The State Theatre of North Carolina
p: (828) 693-0403
m: (609) 504-0187

Sent from my iPad

On Aug 5, 2012, at 8:43 PM, Tommy Thompson <tthompson@hendersoncountync.org> wrote:

Vincent,

After giving a lot of thought to my suggestion of Friday, I have concluded that it would not be a good idea to meet with all parties prior to Wednesday. This matter has to be dealt with in front of the whole community. I would be happy to meet as I suggested in an effort to reach settlement if my Board directs me to do so. I am emailing now with the idea that you are probably involved with one of your productions going on tonight. Should you desire to contact me I can be reached through the email or my home phone @ 693-4068 or my cell phone 329-1304. I apologize for jerking you around and letting you get others lined up to meet, but on second thought, a meeting prior to Wednesday is not good for any of us. Please contact those you have invited and cancel.

Tommy