

The logo for Houstonfirst, featuring the word "Houstonfirst" in a white, serif font with a trademark symbol. The background is a dark, starry space with a faint Milky Way galaxy visible.

Houstonfirst™

2020 Strategy & Budget Briefing

Prepared for the Budget & Fiscal Affairs Committee

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President & Chief Executive Officer

Frank Wilson
Chief Financial Officer

Strategic Plan Framework

MISSION

To enhance the quality of life, advance economic prosperity and promote the Houston region.

VISION

Promote Houston as a premier global destination, building partnerships to improve the quality of life of Houstonians, and becoming a top revenue generator for the Houston region.

VALUES

Accountability
Best in Class Culture
Collaboration
Diversity & Inclusion
Employee Fulfillment
Innovation
Integrity
Passion for Houston

STRATEGIC AREAS OF FOCUS

3 Pillars: ORGANIZATIONAL EXCELLENCE STEWARDSHIP ENHANCE THE DESTINATION

Top **Short-Term** Initiatives

- Culture & Career Development
- Development and Partnership
- Product Brand Unity
- Revenue Growth
- Visitation Growth

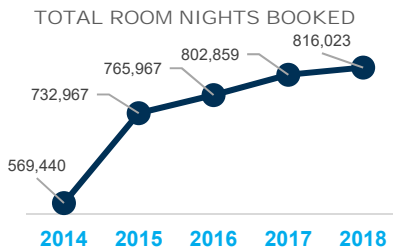
Top **Long-Term** Priorities

- Drive Economic Development
- Elevate Awareness of Houston's Brand
- Flood Mitigation
- Lead the Promotion of Houston as a Premier Global Destination
- North Houston Highway Improvement Project ("NHHIP") in regard to the GRB-TxDOT Project

ORGANIZATIONAL EXCELLENCE

We are consistently achieving the highest standards of operation, execution and customer service.

MEETINGS & CONVENTIONS



- ★ Fifth consecutive year setting a new record for future meetings and conventions with 816,023 room nights booked in 2018 (43% increase over 2014)

GEORGE R. BROWN CONVENTION CENTER



- ★ EYP Architecture & Engineering Renovation/Restoration Honors (AIA Houston Design Awards competition)

HILTON AMERICAS- HOUSTON



- ★ For the 8th consecutive year, Hilton won the Hilton Brand Award of Excellence in 2018 (the only Hilton Property for 8 consecutive years to have earned this distinction)

COMMITMENT TO DIVERSITY

37%
\$197M

- ★ For the 6th consecutive year, exceeded corporate diversity spending goal in 2018
- ★ \$197 Million paid to diversity firms since program inception in 2012



STEWARDSHIP

We are diligent stewards of our assets and resources strategically applied to enable the successful fulfillment of our mission.

Houston First is responsible for these assets:

- George R. Brown Convention Center
- Hilton Americas - Houston
- Jones Hall for the Performing Arts
- Jones Plaza
- Miller Outdoor Theatre
- Talento Bilingüe de Houston
- Theater District Parking
- Toyota Tundra Garage
- Wortham Theater Center
- Partnership Tower

Houston First is responsible for a myriad of events, venues, and parking spaces:

2,650,000

square feet of building space

\$1.0 Billion

asset valuation of buildings

10,000

parking spaces

COMMITMENT TO FINANCIAL HEALTH

2020 reserve replenishment

\$1M

NEW REVENUE SOURCE: SHORT-TERM RENTALS

HOT collection agreement with AIRBNB potential annual increase

\$3M

HURRICANE HARVEY RECOVERY

Cost to recover Wortham Theater & Theater District Parking Garage

\$153M

Reimbursement to date from FEMA within two years of disaster

\$44M

TTT ENHANCE THE DESTINATION

We are leading catalysts to enhance the Houston Region products, experiences, quality of life, and quality of place.

HILTON GUEST ROOM RENOVATION
\$37M



VISITATION GROWTH
22.3 M



JONES PLAZA REDEVELOPMENT
\$5M



HOUSTON EXPERIENCE MARKETPLACE 2018 SALES
\$136K



PUBLIC SPACE PROGRAMMING INCREASED ATTENDANCE
30% YOY



50TH ANNIVERSARY LUNAR LANDING EARNED MEDIA VALUE
\$3M



Key Bookings

2020



2021



2023



2024



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NATIONAL GEOGRAPHIC
NAMED **HOUSTON**
IN ITS TOP TRAVEL
TRENDS FOR 2019

Bloomberg
NAMED **HOUSTON**
ONE OF 21 PLACES
TO GO IN 2019

HOUSTON BEST OF 2019

GO BankingRates
NAMED **HOUSTON**
ONE OF THE BEST TRAVEL
DESTINATIONS FOR
YOUR MONEY IN 2019

tripsavvy
NAMED **HOUSTON**
THE BEST DESTINATION
FOR THE FOOD OBSESSED

Condé Nast
Traveler
NAMED **HOUSTON**
ONE OF 19 BEST PLACES
TO GO IN 2019

OUT
NAMED **HOUSTON**
ONE OF 10 PLACES
TO GO IN 2019

The New York Times
NAMED **HOUSTON** ONE OF
52 PLACES TO GO IN 2019

AFAR
NAMED **HOUSTON**
ONE OF 25 PLACES TO
GO IN 2019

FOOD & WINE
NAMED **HOUSTON**
#2 ON "BEST FOOD
DESTINATIONS & CITIES
IN AMERICA 2019"

skyscanner
NAMED **HOUSTON**
#4 ON "10 BEST 2019
NIGHTLIFE CITIES
IN THE U.S."

TRAVELZOO
NAMED **HOUSTON**
ONE OF 6 FAVORITE
FOOD CITIES IN U.S.

TRAVEL+
LEISURE
NAMED **HOUSTON**
ONE OF THE 50 BEST
PLACES TO TRAVEL
IN 2019

CNN travel
NAMED **HOUSTON**
A TOP PLACE TO
TRAVEL IN 2019

FATH★M
NAMED **HOUSTON**
ONE OF THE TOP 15 PLACES
TO TRAVEL IN 2019

lonely planet
NAMED **HOUSTON**
#5 BEST VALUE IN
TRAVEL FOR 2019





2020 Major Themes

Strategy Plan Focused On Destination Houston

- Balanced Budget
- Recovery of Reserves
- Hilton Guest Room Renovation
- Mitigation of Wortham and TD Garages



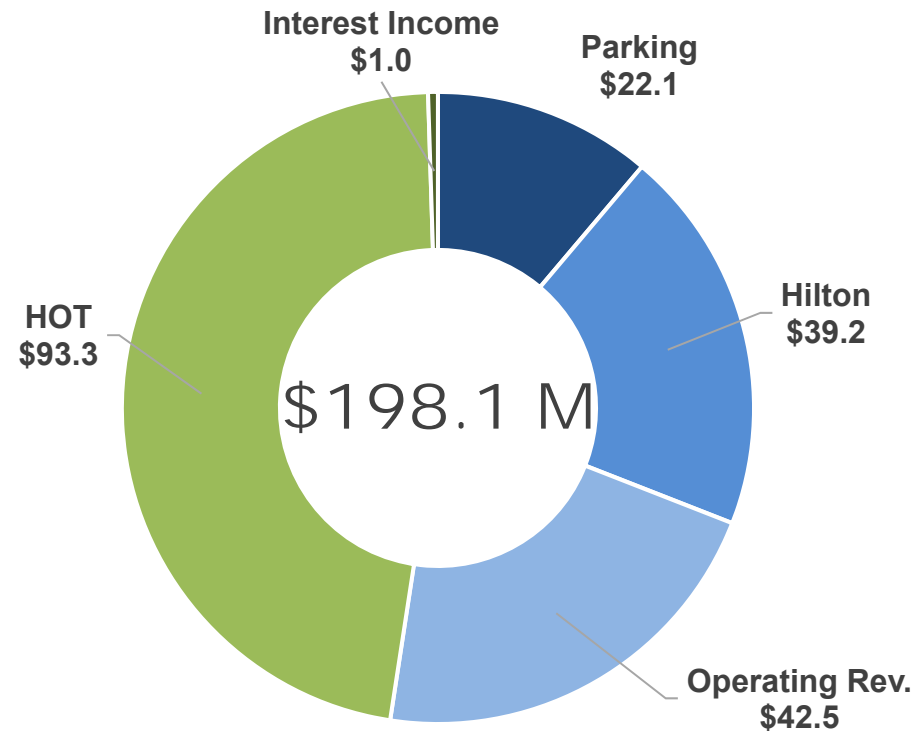
2020 Budget Process

Revenue and Expense Targets

- Budget process involved projecting both 2019 year end & 2020 revenues.
- **HOT** assumptions were based on outside consultants' view of the Houston and US economies. In 2020 we assumed **5.6% increase** over 2019 projected.
- **Hilton revenue** assumed to go up 7%.
- **Parking** assumed to return to pre-Harvey levels, **an increase of 11.7%**.

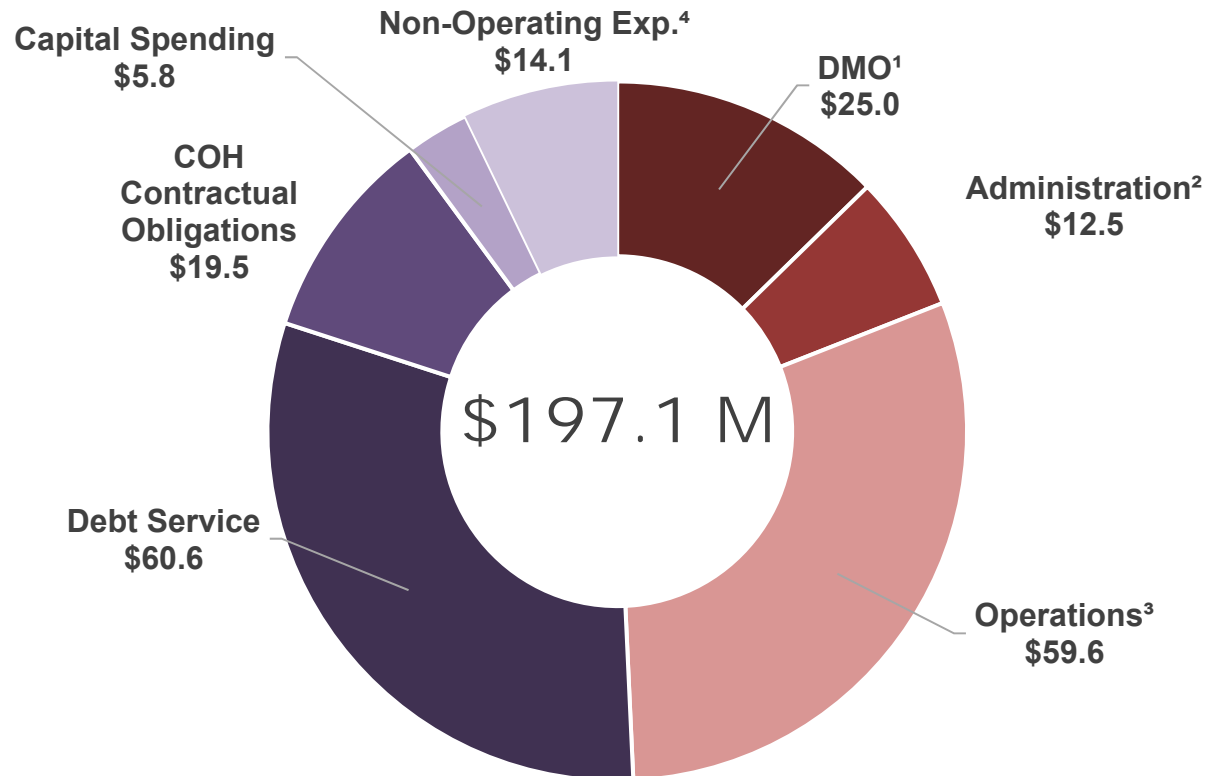
CY20 Budget Major Revenues

(\$ in millions)



CY20 Budget Major Expenses

(\$ in millions)



¹ Sales, Tourism, Marketing, Event Services, Client Services, Event Development, Memberships

² Executive, Finance, Enterprise Development, General Counsel

³ Theater & Convention District Operations and Retail


⁴ Sponsorships, Contingency, Hotel Tax Refunds

2020 Proposed Budget

	2019 PROJECTION	2020 BUDGET	VARIANCE
TOTAL REVENUES	\$189,492,099	\$198,080,609	\$8,588,509
TOTAL EXPENSES	187,365,928	197,063,333	9,697,406
TOTAL REVENUE LESS EXPENSES	\$2,126,171	\$1,017,275	(\$1,108,896)

- Budgeting Total Revenues to Exceed Expenses by \$1M
- 230 positions, down from 231 budgeted in 2019, a reduction of 1. Down from 249 budgeted positions in 2018.
- \$5.8 M of capital in the operating budget (Hilton) and \$6.5 M (other facilities) to be financed.

2020 Initiatives

Stand-alone property Insurance	\$1.9M
PCMA	\$1.8M Expense
Reserves Replenishment	\$1M
Additional personnel in Sales & Client Services	
Jones Plaza Redevelopment	\$1.67M



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2020 Capital Budget


Hilton Americas-
Houston

\$5.8M



Mitigation

\$6M



Life/Safety and
Operational Risk

\$6.5M









↻ Good Morning America Retweeted

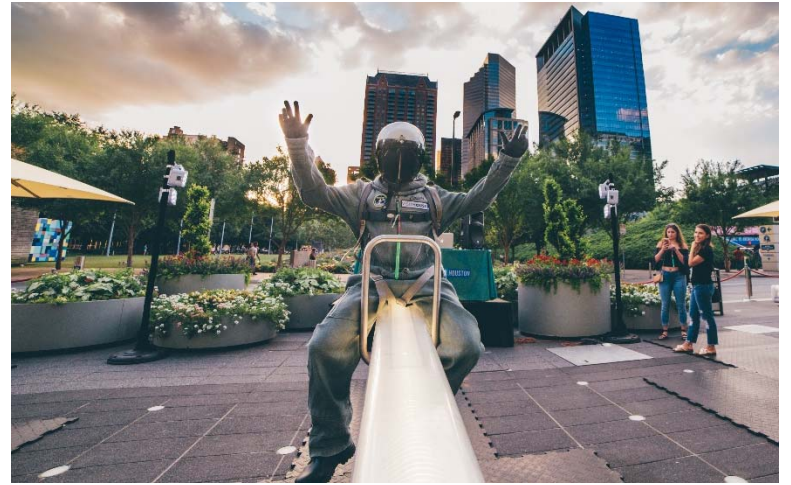
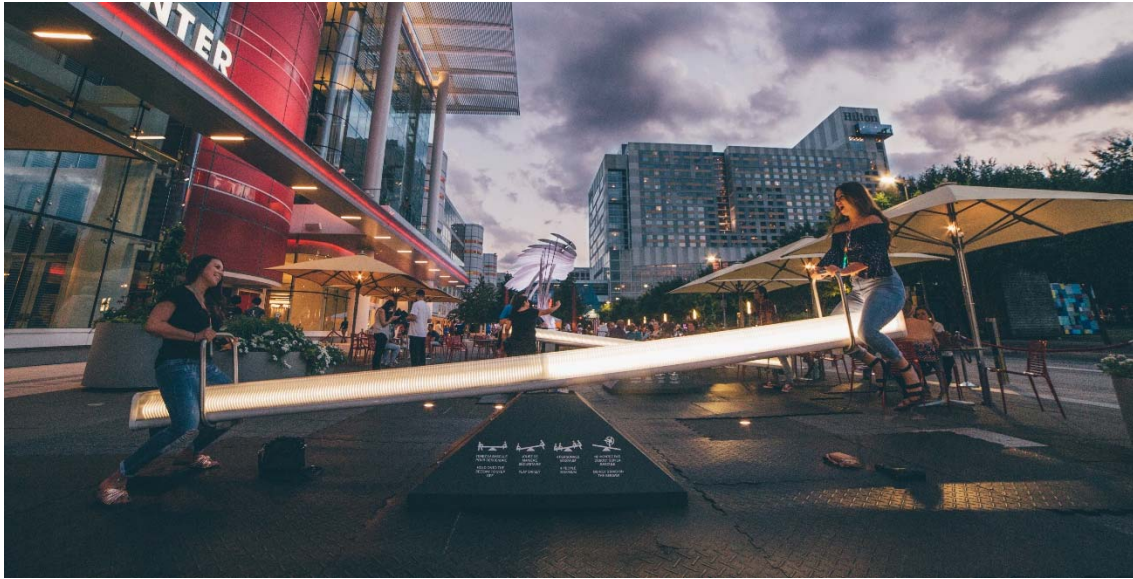


Ginger Zee  @Ginger_Zee · 24m



Houston — you brought it! Thank you. #gmaroadtrip @michaelstrahan @LaraSpencer & Louise Strahan @GMA













2019 By the Numbers

45,923

attendees

46 states | 16 countries

700

volunteers

600+

exhibitors

45,849

Email Subscribers
Opted in

83,000

Social
media
followers

2019 Guests



Emilia Clarke & Nathalie Emmanuel



John Wesley Shipp



Cast of Anamaniacs



Grant Gustin



The background of the image is a dark, starry night sky. A prominent feature is the Milky Way galaxy, which appears as a dense, glowing band of stars and dust stretching across the upper portion of the frame. The stars are scattered throughout the dark expanse, with some appearing as bright points of light and others as faint specks. The overall color palette is dominated by deep blues, blacks, and the warm, reddish-pink hues of the Milky Way's dust clouds.

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