

**DOWNTOWN DEVELOPMENT AUTHORITY  
MINUTES  
REGULAR MEETING  
Tuesday, June 25, 2019**

The Regular Meeting of the Downtown Development Authority was held Tuesday, June 25, 2019, at 8:00 a.m. in Conference Room 149B, 301 S. Ridgewood Avenue, Daytona Beach, Florida. The following people were present:

Mr. Michael Sznajstajler, Chair  
Ms. Sheryl Cook, Vice Chair  
Ms. Quanita May, Commissioner (arrived at 8:30 a.m.)  
Mr. Joseph Hopkins  
Ms. Tammy Kozinski

**Staff Members Present**

Mr. Reed Berger, Redevelopment Director  
Mr. Robert Jagger, City Attorney  
Off. J. T. Thomas, Daytona Beach Police Department  
Ms. Becky Groom, Board Secretary

**1. Call to Order**

Mr. Sznajstajler called the meeting to order at 8:12 a.m.

**2. Roll Call**

Roll was called and members were noted present as stated above.

**3. Approval of Minutes**

**a. Regular Meeting – May 21, 2019**

A motion was made by Ms. Kozinski, seconded by Ms. Cook, to approve the minutes of the Regular Meeting of May 21, 2019, as presented. The motion carried (4-0).

**4. DDA Staff Report**

**a. Event Update – Southern Stone, RFP, and Proposed License Revisions**

Mr. Berger presented the staff report which was included as part of the packet. Mr. Berger stated included in the packet is information related to the reimbursement payment to Southern Stone for six events. Mr. Berger stated the numbers provided in this month's packet are the same as were provided in the previous report; and Mr. Berger recommends a payment of \$24,442 be made to Southern Stone. Mr. Berger stated Lydia Frost from Southern Stone is in attendance and is available to answer any questions the Board may have.

Ms. Cook stated she has been very disappointed and has never seen such neglect by an event producer. Ms. Cook stated the Board was told the DDA costs would be covered and the events would make money and now the Board is informed that they have continued to lose money. Ms. Cook stated she feels the DDA was sold a "major bill of goods" and the contract was not sound. Ms. Cook stated she hopes the DDA does not get into a similar situation in the future.

Mr. Berger stated sponsorship dollars were not secured as was planned and that was the major failure in the agreement.

Ms. Cook stated after each event, the DDA asked for information about the funds from the events and it was never provided. Ms. Cook stated she does not feel the Board was kept abreast of the financial situation.

Ms. Kozinski stated once Frank DeMarchi left Southern Stone, the events went from good to awful.

Mr. Sznajstajler stated the DDA requested at three meetings in a row that a representative of Southern Stone attend, but no one attended.

Lydia Frost, Vice President of Sales, Southern Stone Communications, stated when she was employed by Southern Stone, Southern Stone agreed to make changes to their event planning. Ms. Frost stated she understood that the DDA was not receiving information that was required by the contract and feels she has done an adequate job of providing that information to Mr. Berger, but not in the timeframe as was requested by the DDA.

Mr. Sznajstajler spoke regarding the amount owed and stated more than 9/10 of that was incurred in the last three events, which was after Frank DeMarchi was gone and Ms Frost was the representative. Ms. Sznajstajler stated the Eggstravaganza earned zero dollars in revenue and the DDA is expected to pay \$6,250 and the Art Attack netted \$10.59 and the DDA is expected to pay \$5,525. Mr. Sznajstajler stated he does not feel the money requested has anything to do with what happened in

2018 or the beginning of 2019 but reflects what happened in March and April of this year.

Ms. Frost stated the Eggstravaganza, which was recommended to the DDA and the DDA agreed to hold the event, was a community event and not meant to make money. Ms. Frost stated it is mind-boggling to her that the event even took place because an event where families attend and free candy is handed out will not make money.

Mr. Sznajstajler stated an event budget was produced that indicated there would be \$11,680 in sponsorships so the loss to the DDA would be offset. Mr. Sznajstajler stated the DDA expected to pay about \$3,000 for that event but now that number is significantly more.

Ms. Kozinski stated the DDA expected to take a loss on the Art Attack and those types of events always draw in people. Ms. Kozinski stated the similar event held last year during the middle of a storm was better attended.

Mr. Sznajstajler stated without looking at the numbers he does not believe the DDA lost \$4,400 on last year's Chili Tour.

Ms. Frost stated events have costs and the DDA has been provided with all of the receipts and what is shown is the net result of the events. Ms. Frost stated after she became a part of Southern Stone and examined the business model, she made a determination that it was not a good business decision for Southern Stone to continue with the events as planned. Ms. Frost stated there are other costs which are not aligned with what is presented, such as payroll. Ms. Frost stated the events were a net loss for Southern Stone over and over again. Ms. Frost stated she approached Mr. Berger and stated Southern Stone would be willing to continue holding events under a different business model but would like to break the existing contract. Ms. Frost stated what was proposed by Mr. DeMarchi was ridiculous and will never work.

Mr. Sznajstajler stated he does not think the DDA felt it would make money but what was a part of the agreement was an event plan that would have the DDA breaking even. Mr. Sznajstajler stated what is unfortunate is when Southern Stone made the decision to stop or slow down, nothing was communicated to the DDA and the DDA went forward with two or three more events. Mr. Sznajstajler stated the numbers are presented and the only numbers being made whole are the event start-up costs paid to Southern Stone.

Ms. Frost stated the events were a net to Southern Stone and Southern Stone did not make money.

Mr. Sznajstajler stated an event budget was presented by Southern Stone, not the DDA.

Mr. Sznajstajler asked if Mr. Jagger feels the DDA is obligated to pay the \$24,000 to Southern Stone.

Mr. Jagger stated he has reviewed the contract and talked with Mr. Berger about performance standards. Mr. Jagger stated he does not see a basis for claiming a breach of Southern Stone's duties. Mr. Jagger stated the DDA is required to pay the costs which were approved in the plan and does not see a basis for non-payment.

Ms. May asked if the DDA intends to continue a relationship with Southern Stone in the future and asked if there is any "wiggle" room in the numbers. Ms. May stated she hopes this situation will not hinder the Board's decision in the future concerning any consideration about Southern Stone.

Ms. Frost stated Southern Stone would not be willing to continue in a manner as is outlined in the existing contract. Ms. Frost stated Southern Stone wants to do good things for the community. Ms. Frost stated the numbers that are presented are the actual expenses and the payment from the DDA will cover some of the costs, not all of the costs. Ms. Frost stated what is presented are expenses and Southern Stone expects to have the expenses reimbursed. Ms. Frost stated Southern Stone will also have a loss.

Mr. Jagger stated there could always be "wiggle" room if additional negotiations are held.

Mr. Sznajstajler asked what Southern Stone's loss would be.

Ms. Frost stated she would have to go back and review the numbers.

Mr. Sznajstajler asked if a public records request could be made regarding the Profit and Loss statement for the DDA events.

Mr. Jagger stated probably not, but there are disclosure requirements in the contract. Mr. Jagger stated if the DDA would like that information, he could review that and Mr. Berger could submit the request for those documents.

Ms. Frost stated all of the information regarding the events has been included in the information provided to Mr. Berger which was a requirement of the contract. Ms. Frost stated the information that the DDA does not have is salaries and insurance, which are additional expenses.

Ms. Cook asked if it is stated in the contract that Southern Stone was to secure sponsorships.

Mr. Berger stated sponsorships were listed in the event plan. Mr. Berger stated the contract stated that there is to be a plan and Southern Stone would carry out the plan and clearly that did not happen since sponsorships were not secured.

Mr. Jagger stated he does not believe it is addressed in the contract.

Mr. Sznajstajler stated there was no one from Southern Stone attending the DDA meetings. Mr. Sznajstajler stated Ms. Frost attended one meeting and introduced herself. Mr. Sznajstajler stated no one from Southern Stone came to the DDA and said the Beer and Bacon event did not work out and the Chili Tour was not successful.

Ms. Frost stated she communicated with Mr. Berger that Southern Stone wanted out of the contract so whether she was physically attending the DDA meetings or not, Mr. Berger can verify that she made numerous attempts to relinquish Southern Stone's involvement in the contract.

Mr. Sznajstajler asked if Southern Stone did not want to do the Art Attack.

Ms. Frost stated Southern Stone did not want to do any of the events but knew she had an obligation contractually. Ms. Frost stated she reached out to Mr. Berger and Al Smith in an attempt to work something out so the DDA was not left out in the cold. Ms. Frost stated she knew Southern Stone was obligated contractually but Southern Stone wanted out of the contract. Ms. Frost stated she met with Al Smith of Bullseye Marketing who said he would be interested in taking over the events; and Ms. Frost stated Southern Stone would support the events through the end of the contract to promote the events in order to act in good faith.

Ms. Kozinski stated Mr. Swayne Parsons indicated he would be taking over the events after Frank DeMarchi left Southern Stone. Ms. Kozinski stated it seems Ms. Frost was talking with Al Smith while Swain was still employed.

Mr. Berger stated the last event with Mr. Parsons was the Art Attack. Mr. Berger stated the Seafood Festival was the next event and he met with Ms. Frost and suggested not holding the event. Mr. Berger stated he talked with the DDA and advised of the issues with Southern Stone.

Mr. Sznajstajler stated he does not have a year to year comparison of past events.

Mr. Berger stated he has not received that from Southern Stone but he has some of that information.

Ms. May asked Ms. Frost what type of support Southern Stone would be willing to provide for future events.

Ms. Frost stated contractually there are two events remaining and she would be willing to put promotional announcements on the air for the upcoming event planned for next week.

Al Smith, Bullseye Marketing, stated this issue needs to be resolved before we go any further. Mr. Smith stated a plan was presented that was not sustainable. Mr. Smith stated his advice would be to cut the losses and move on. Mr. Smith stated Southern Stone is a very valuable media partner in anything Bullseye Marketing does.

Ms. Frost stated as far as she is concerned, this is a conclusion and Southern Stone has no intention of doing any more events based on this model.

Mr. Sznajstajler stated the options are the amount requested can be paid by the DDA, the DDA can vote to not pay the amount, or the DDA could continue this item to further evaluate the expenses.

Ms. May stated she has a problem paying for lack of performance and asked if there is any flexibility in the figures presented.

Ms. Frost stated what is presented are the expenses and there is no flexibility.

A motion was made by Ms. Cook, seconded by Ms. Kozinski, to pay \$24,442 in expenses to Southern Stone Communications.

**Public Comments:**

Sherry Brianza stated she is disappointed and would stand on the lack of performance. Ms. Brianza stated if the sponsors were not secured, the DDA should not pay the cost for that. Ms. Brianza stated there should be a compromise on the losses and there should be a discussion with Southern Stone on settling the amount owed.

Officer J. T. Thomas stated he did not like Frank DeMarchi being criticized when he is not in attendance to defend himself. Officer Thomas stated the first year and a half of the contract went well until Mr. DeMarchi was let go.

John Nicholson, 413 N. Grandview, Daytona Beach, Florida stated something is being missed and he does not understand how this happened.

Mr. Sznajstajler stated the report indicates \$1,100 was paid in commissions and asked what that expense was.

Mr. Berger stated he did not see the detail so he cannot address that item.

Ms. Frost stated that number should not be on the report since it was an expense of her company that was paid to the event's employees. Ms. Frost stated she believes that is the only event where that amount is included. Ms. Frost stated she would be fine with eliminating that amount from the total that is owed.

Ms. Cook withdrew her motion and Ms. Kozinski withdrew her second.

Ms. Cook stated for the Cookie Tour in 2017, merchants were reimbursed for the cookies. Ms. Cook stated she did not cash the check that was given to her for the reimbursement because she did not want to take the money. Ms. Cook stated she was told that Southern Stone could not determine if her check had been cashed or whose checks had been cashed. Ms. Cook stated accounting issues have been going on for a while.

Ms. Kozinski asked about staffing of events and noted 17 people are listed for the Eggstravaganza; and at \$75 per person, that is a large amount. Ms. Kozinski stated the costs listed for staffing for the Boo Bash are \$20 per person less.

Mr. Hopkins stated he feels there is a breach of contract. Mr. Hopkins stated in looking at the report, it has been determined there is \$1,000 that can be deducted; but it should not have been on the report before it was presented to the DDA. Mr. Hopkins stated the sense of urgency for Southern Stone to get out of the contract should have been presented to this Board as well; and the communication between Southern Stone and Mr. Berger was not transmitted to the DDA. Mr. Hopkins stated he feels the DDA needs to look into the issue further.

Mr. Sznajstajler stated he would like to look at the sponsorship efforts, if the actual expenses fit the event profile, and for Southern Stone to provide a year to year comparison on events.

Ms. May stated she would like to know why the hourly rate for event staff persons incrementally increased from \$55 to \$85.

Ms. Cook asked if surveys were taken from people that attended events.

Mr. Berger stated there was an attendance requirement but he did not receive that information.

Ms. Frost stated a persons' zip code was asked for at the time of purchase of a passport.

Ms. Kozinski stated there is an event planned for Saturday and asked if Bullseye will be able to move forward with the event.

Mr. Sznajstajler stated the DDA has a very limited budget and did not budget a \$24,000 loss for this year. Mr. Sznajstajler stated it may take years for the DDA to save enough in order to help an event producer in the future.

Ms. May asked Ms. Frost if there is any room for negotiation on the amount requested by Southern Stone. Ms. May stated \$24,000 will wipe out the DDA and the downtown will suffer.

Ms. Frost stated if a payment amount is proposed, she will take it into consideration. Ms. Frost asked what would the determination be on what number is presented by the DDA since her expense numbers will not change. Ms. Frost asked if the DDA will be taking 30 days to just look at the materials provided and then propose a suggested amount.

Mr. Sznajstajler stated he has only had the information provided by Southern Stone for 4 days and would like to take a step back and review the materials. Mr. Sznajstajler stated \$17,500 was included in vendor revenue for this and the DDA received \$3,383. Mr. Sznajstajler stated a loss was projected but not this large. Mr. Sznajstajler stated he feels the DDA needs to evaluate the material before a decision is made.

Ms. Cook stated individual Board members can talk with Mr. Berger or Mr. Jagger; and after staff has compiled all of the DDA members' comments, perhaps a special meeting could be scheduled.

Mr. Jagger stated the motion is to ask Mr. Jagger and Mr. Berger to determine if a breach has occurred which would entail whether the event producer has made reasonable effort to obtain ticket sales and sponsorships. Mr. Jagger stated there is a 90 day notice to cancel the contract and 30 day notice to stop events, in accordance with Section 3.c of the contract.

Ms. Cook asked that Mr. Berger provide the DDA with last year's expenses and revenue.

Mr. Berger stated he will provide the report on last year's expenses and revenue and he will provide a chronology of how this situation evolved.

Mr. Sznajstajler asked the DDA members to provide any concerns they may have to Mr. Berger and Mr. Jagger so the issue can be resolved at the July meeting.

**Public Comments:**

John Nicholson, 413 N. Grandview, Daytona Beach, Florida stated \$5,000 was spent in advertising and the event only earned \$10. Mr. Nicholson stated the \$5,000 was lost money.

Mr. Sznajstajler stated the DDA did not receive information from Southern Stone of the events as was agreed to.

Ms. May stated she has served on the DDA since Christmas, and at every meeting, the financial information was requested and was not received. Ms. May stated the information provided today is the most comprehensive she has received since she has served on the DDA.

Al Smith stated the Brews & Burger walk will be held on Saturday. Mr. Smith stated there has been a lot of interest in the event and 14 merchants are participating.

**Board Action:**

A motion was made by Mr. Hopkins, seconded by Ms. May, to continue this item and to evaluate if there has been a breach of contract. The motion carried (5-0)

**b. DDA Monthly Financial Report and FY20 Budget**

Mr. Berger stated he will provide a revised event agreement to the DDA due to the changes planned for Beach Street and the City Island area.

Mr. Berger presented the Monthly Financial Report which was included as part of the packet. Mr. Berger stated the Farmers Market is short in revenue.

**c. Farmers Market Update – SNAP and Proposed License Revisions**

Mr. Berger stated the SNAP program is in place and thanked Mr. Hopkins and Melanie Johns, the Market Manager, for their efforts in getting the program organized. Mr. Berger stated a press release has been drafted by Gold & Associates to make citizens aware of the EBT program.

Mr. Berger stated there are now 4 musicians performing at the Market on Saturdays.

Mr. Berger stated he would like to suggest moving the Farmers Market to Friday events from 6:00 p.m. to 9:00 p.m., similar to the Artisan Alley program in DeLand. Mr. Berger stated he has talked with the vendors and they are in favor of the change. Mr. Berger stated he proposes relocating the Market to the area starting with the section from Wall Street to Palmetto.

Mr. Sznajstajler asked if the business owners along Magnolia would be blocked from having access to Magnolia. Mr. Sznajstajler stated holding the Market on Friday evening may attract more prepared food vendors.

Mr. Berger stated if the Market opened at 6:00 p.m., barricading would start around 4:00 p.m. Mr. Berger stated he thinks it can be worked out and he has talked with some of the property owners and there is openness to the change.

The Board agreed for Mr. Berger to look into the change in the location for the Farmers Market.

Mr. Berger stated he will provide the DDA with a copy of the Market agreement so they can review the types and numbers of vendors that are permitted.

Ms. Cook asked where the vendors will parking during the Farmers Market.

Mr. Berger stated the produce trucks will be moved to parking along Palmetto.

d. **Downtown Projects Update**

Mr. Berger stated the rezoning for the Delta West project has been approved.

Mr. Berger stated the Riverfront Park Master Plan was presented to the City Commission on Wednesday.

Mr. Berger stated the plans for the Beach Street project are 90% complete and are moving forward.

Ms. May stated she and the City Manager will be walking door to door next week to talk with businesses about the plans for the Beach Street construction project.

Mr. Berger stated mural projects continue to be discussed and are moving forward.

e. **Public Safety Update**

Off. J. T. Thomas stated the biggest problem in the downtown area right now is opioids. Off. Thomas stated he and Officer Steve Cantellano will be working in the downtown area.

5. **Gold & Associates Presentation**

Keith Gold, Gold & Associates, presented the staff report which was included as part of the packet. Mr. Gold stated distribution of the brochures is in progress and the e-blasts continue to be distributed to consumers and merchants. Mr. Gold stated he met with the City's Public Information Officer to discuss distributing information on the changes to the downtown area and implementation of the SNAP program at the Farmers Market. Mr. Gold stated the SNAP program materials have been developed for a July "soft" launch. Mr. Gold stated the Riverfront Shops Google ads will run daily through August. Mr. Gold stated the kiosk directories have been changed to feature special events and the online calendar is updated weekly. Mr. Gold stated press releases are distributed daily or weekly, as needed; and social media is changed constantly throughout the week.

Mr. Gold reviewed the tactical plan. Mr. Gold suggested reallocating funds to cover on-line advertising and for promoting SNAP. Mr. Gold stated he will talk with Mr. Berger and provide information to the DDA at the next meeting. Mr. Gold suggested spending more money on advertising for the Farmers Market, particularly if the location is changed. Mr. Gold stated print presence will still be needed as well as an on-line presence.

Mr. Gold stated the website has dropped two times. Mr. Gold stated he has control of the domain but does not have access to the hosting. Mr. Gold stated Liquid Web has indicated they will not relinquish access without a court order. Mr. Gold stated a new website needs to be built as soon as possible.

Mr. Sznajstajler stated since Mr. Berger is considering relocating the Farmers Market, the DDA may want to allocate additional funds to help promote that.

Ms. May stated there is an increasing Hispanic population and we need to advertise more multi-culturally.

Mr. Hopkins stated direction needs to be provided regarding the website.

Mr. Gold stated the issue is the hosting. Mr. Gold stated if the new site is created, the old hosting could be removed; but right now there is a security risk. Mr. Gold suggested building a new site now and having it ready for the DDA to look at during the next meeting. Mr. Gold stated he did not know if the funding is available. Mr. Gold stated he would agree to create the new website for the same amount that was agreed to pay In-Focus before.

Ms. May left the meeting at 10:35 a.m.

Ms. Cook asked what the cost would be for creating the new website.

Mr. Gold stated In-Focus was paid \$4,800 per year for 2 years.

Mr. Berger stated there is available funding in the DDA security account.

**Board Action:**

A motion was made by Ms. Cook, seconded by Ms. Kozinski, to allocate up to \$5,000 in order to authorize staff to move forward with development of a website. The motion carried (4-0).

**6. Public Comments**

Charles Cherry II stated he is the publisher of the Daytona Times and the Florida Courier. Mr. Cherry stated the Daytona Times newspaper has been distributed continuously for 40 years, primarily to the Midtown area. Mr. Cherry stated he would like to add to the media mix of the DDA. Mr. Cherry stated the Florida Courier is his state-wide product. Mr. Cherry stated he now has a Latino music station, which is the fastest growing demographic in Volusia County. Mr. Cherry stated he would be excited to work with the DDA in promoting DDA programs, and especially the Farmers Market since Midtown is a food desert.

John Nicholson, 413 N. Grandview, Daytona Beach, Florida spoke about food trucks being permitted at the Farmers Market and disposal of trash from the vendors at the Market.

7. **Board Comments**

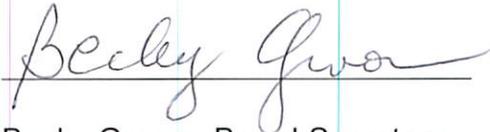
There were no Board comments.

8. **Adjournment**

There being no further business, the meeting was adjourned.



Michael O. Sznajstajler, Chair



Becky Groom, Board Secretary