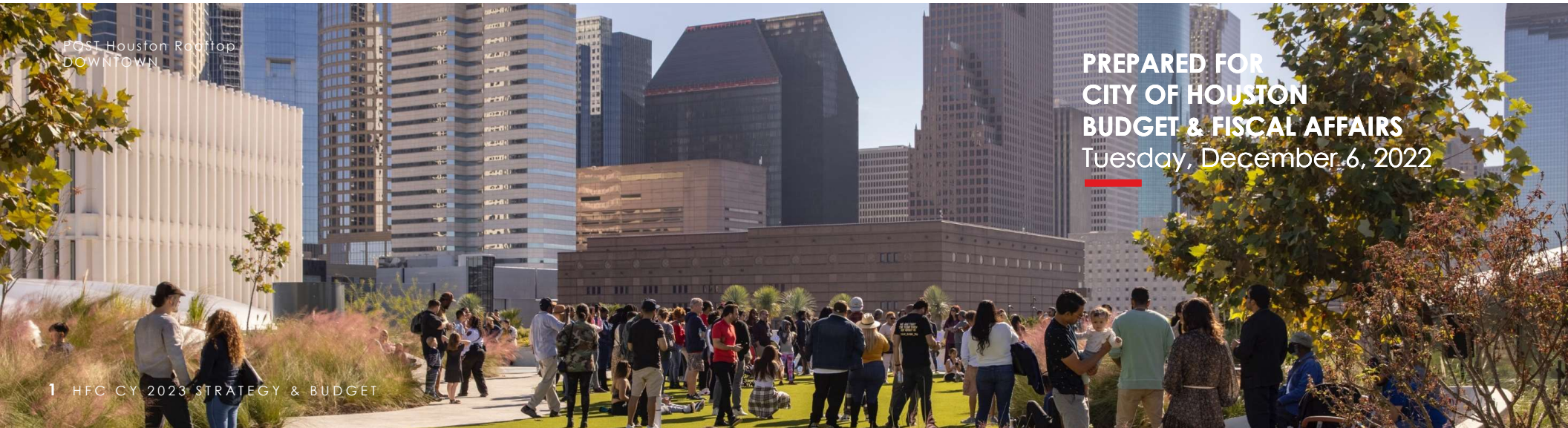




# HOUSTON FIRST CORPORATION CY 2023 STRATEGY & BUDGET



POST-Houston Rooftop  
DOWNTOWN

PREPARED FOR  
CITY OF HOUSTON  
BUDGET & FISCAL AFFAIRS  
Tuesday, December 6, 2022

McGovern Centennial Gardens  
HERMANN PARK

# HFC'S ROLE

- HFC drives economic impact and demand generation as the Destination Marketing Organization for Houston.
- The value created by HFC for numerous stakeholders and businesses ripples throughout the community to positively impact the entire City.

# STRATEGIC PILLARS

## TRANSFORMATIONAL LEADERSHIP

Enhance and employ organizational relevance by inspiring, influencing, and leading key stakeholder groups in furtherance of HFC's mission and value for Houston.

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## DESTINATION DEVELOPMENT

Serve as a catalyst for initiatives that strengthen Houston's global reputation, increase travel to the city, and improve HFC's economic impact to the community.

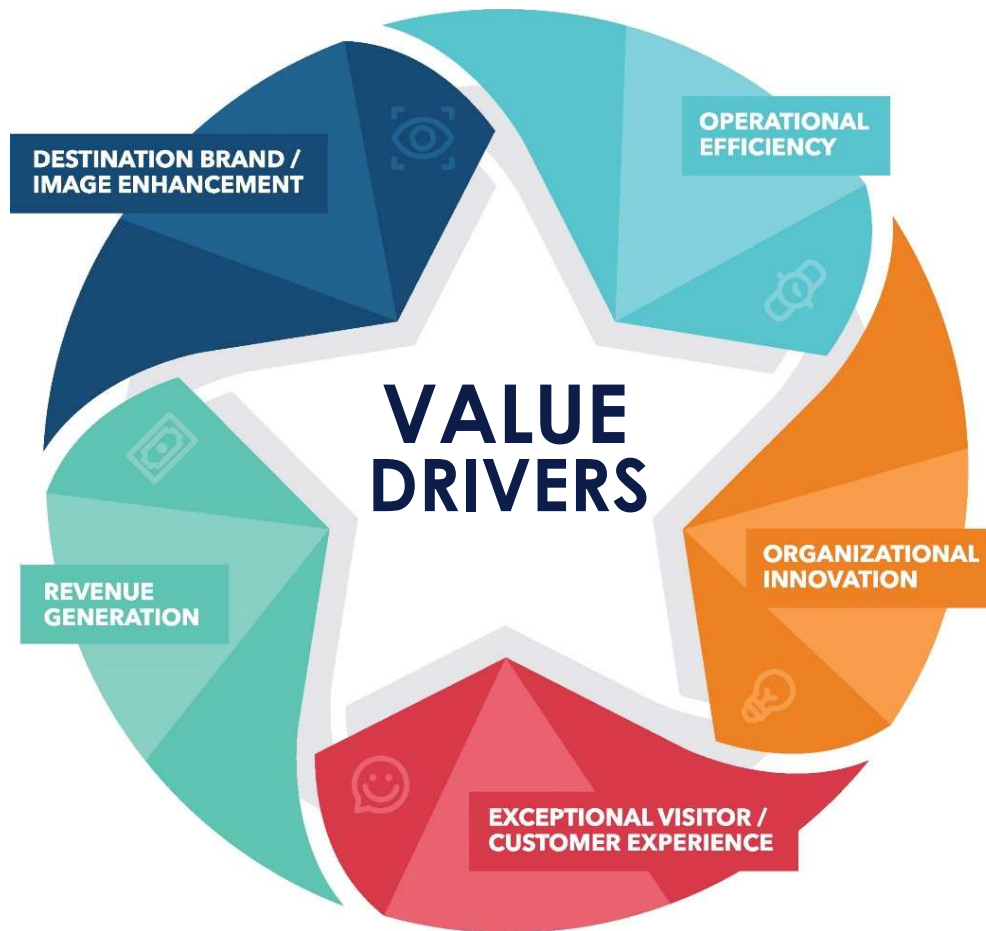
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## REVENUE DIVERSIFICATION & ASSET GROWTH

Advance new opportunities for additional revenue streams, asset growth, and financial mechanisms that strengthen HFC's financial outlook and viability.

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# CORE OF VALUE CREATION

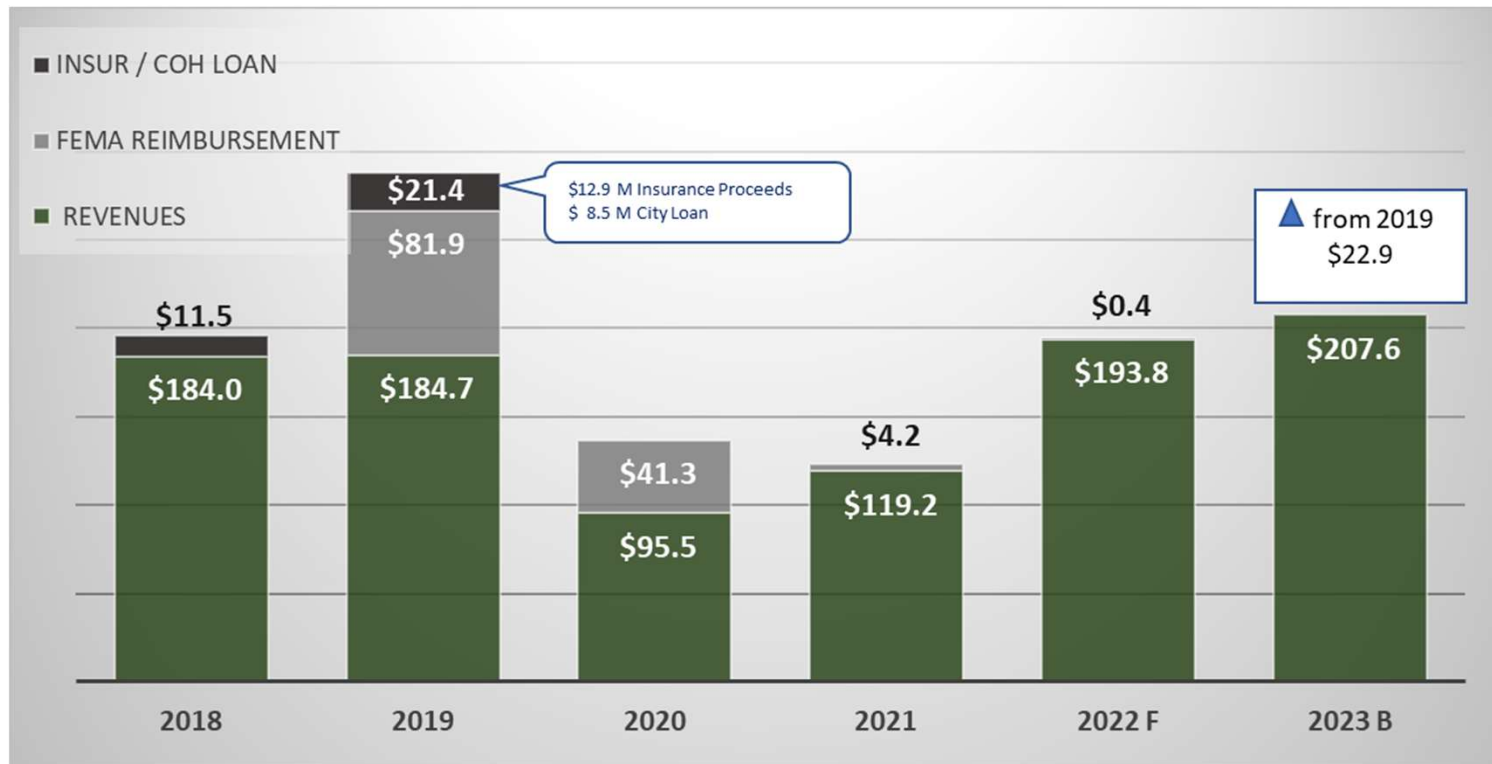


## CY 2022 BUDGET VS FORECAST

	2022 Budget	2022 Forecast	CHANGE
<i>Operating Revenue</i>	\$88.1	\$95.4	\$7.3
<i>Non-Operating Revenue</i>	95.2	98.8	3.6
<b>TOTAL REVENUE</b>	<b>\$183.3</b>	<b>\$194.2</b>	<b>\$10.9</b>
<i>Operating Expense</i>	\$92.0	\$88.5	(\$3.5)
<i>Non-Operating Expense</i>	104.5	104.2	(0.3)
<b>TOTAL EXPENSE</b>	<b>\$196.5</b>	<b>\$192.7</b>	<b>(\$3.8)</b>
<b>REVENUE IN EXCESS OF EXPENSE</b>	<b>(\$13.2)</b>	<b>\$1.5</b>	<b>\$14.7</b>
<i>(\$ in millions)</i>			

# MAJOR REVENUE TRENDS

\$s in millions



# PROPOSED 2023 STRATEGY & BUDGET

## Approval Process

NOVEMBER 1, 2022

### OPERATIONS COMMITTEE

- Cultural Facilities & Services
- Convention Facilities & Services
- Information Technology
- Urban Development

### HOTEL COMMITTEE

- Hilton Americas – Houston Hotel

NOVEMBER 9, 2022

### BENEFITS, COMPENSATION, AND FINANCE COMMITTEE

- HFC Corporate Budget

NOVEMBER 7, 2022

### SALES, TOURISM, AND MARKETING COMMITTEE

- Enterprise Strategy
- Marketing
- Sales, Client & Event Services
- Tourism & Industry Relations

NOVEMBER 10, 2022

### HFC BOARD OF DIRECTORS

- HFC Corporate Budget

# 2023 PRIORITIES



- **Proliferate Houston's Unified Brand** among businesses and organizations across our community
- **Leverage and capitalize on high-profile events** like the Final Four to drive brand messaging
- **Build upon success of Houston Week in Mexico** and continue engagement and investment to make Houston the top US destination for the Mexican traveler
- **Develop a 10-year Destination Development Plan** that charts a vision for making the Houston Region even more globally competitive as a visitor and business destination
- **Understand and enhance the 360° visitor experience**
- **Continue and improve digital 'smart targeting'** of consumers to maximize travel opportunities



# 2023 PRIORITIES



- **Increase use of social media influencers** that create authentic and engaging promotion of Houston
- **Accelerate long-term city-wide convention sales,** while maximizing short-term opportunities for 2023
- **Attract national impact events** like the DNC, RNC
- **Develop annual events that drive economic impact** and enhance Houston's brand like a Juneteenth Celebration and Wine & Food Festival
- **Use opening of Lynn Wyatt Square as a catalyst** for vibrancy in the Theater District
- **Amplify Heritage Month** activities across all channels
- **Develop infrastructure and economic models for TV & film projects**

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# PROPOSED CY 2023 BUDGET

## NORMAL BUSINESS YEAR – *Positioning for Growth*

**\$207.6M**

**TOTAL REVENUES FOR CY 2023**

**\$206.0M**

**TOTAL EXPENSES FOR CY 2023**

**\$29M**

**CAPITAL EXPENDITURES**

## ASSUMPTIONS

- No recession in 2023
- Leisure travel continues pace
- Business travel continues improvement
- Hotel occupancy and rates improve
- Corporate meeting demand continues
- Return to offices slowly improves
- Concerts, sporting and other events drive parking
- Continued inflation pressure
- Rising interest rate environment

# PROPOSED CY 2023 BUDGET SUMMARY

	2022 Forecast Budget	2023 Proposed Budget	CHANGE
<i>Operating Revenue</i>	\$95.4	\$108.1	\$12.7
<i>Non-Operating Revenue</i>	98.8	99.5	0.7
<b>TOTAL REVENUE</b>	<b>\$194.2</b>	<b>\$207.6</b>	<b>\$13.4</b>
<i>Operating Expense</i>	\$88.5	\$100.0	\$11.5
<i>Non-Operating Expense</i>	104.2	106.0	1.8
<b>TOTAL EXPENSE</b>	<b>\$192.7</b>	<b>\$206.0</b>	<b>\$13.3</b>
<b>REVENUE IN EXCESS OF EXPENSE</b>	<b>\$1.5</b>	<b>\$1.6</b>	<b>\$0.1</b>

*(\$ in millions)*

# Houstonfirst™

[www.HoustonFirst.com](http://www.HoustonFirst.com)