

Tourism Business Improvement District 2021 Scope of Services and Budget



City Manager's Office

May 5, 2020



Background



- Visit Wichita receives annual funding from the City of Wichita for the promotion of tourism and convention activities.
- In 2013, Visit Wichita proposed the creation of a Tourism Business Improvement District (TBID) to promote tourism and provide certain related services within the City.
- Funding has experienced limited growth in recent years while competition for tourists and conventions in the state has intensified.



TBID Scope of Services



- TBID 2021 Scope of Services and Budget outlines how funds received from a 2.75% nightly hotel room fee will be used to promote tourism in Wichita during 2021
- Given the COVID-19 impact and uncertain recovery timeline, specific room night goals for leisure and group business will be revised in 2020.



2019 Performance Measures



Leisure Performance Measures

- 2019 Goal – 137,000 Incremental Room Nights
- 2019 Actual – 138,024 Incremental Room Nights
- 2020 Goal – 140,000 Incremental Room Nights*

Group Performance Measures

- 2019 Goal – 16,000 Incremental Room Nights
- 2019 Actual – 15,619 Incremental Room Nights
- 2020 Goal – 16,000 Incremental Room Nights*

* Will be impacted by Covid19



2019 Performance Actuals – Leisure



- \$71,926,780 Economic Impact*
- \$11,974,962** \$86.76 Hotel Revenue
- \$718,498 6.00% TGT
- \$329,311 2.75% Tourism Fee
- \$5,394,509 7.50% Sales Tax
- \$1,123,620 Media Leisure Investment
- \$64:1* Return on Investment (ROI)



2019 Performance Actuals – Group



- \$5,602,464 Economic Impact
- \$1,355,087** \$86.76 Hotel Revenue
- \$ 81,305 6.00% TGT
- \$ 37,265 2.75% Tourism Fee
- \$ 420,185 7.50% Sales Tax
- \$ 708,878 Group Sales investment
- \$7.90:1 Return on Investment (ROI)



TOTAL TRAVEL INDUSTRY IMPACT

Projected downturns of the U.S. travel industry in 2020 as a result of the coronavirus:



↓ **\$62 BILLION**
in federal, state and local taxes

Travel industry losses alone
will be great enough to push
the U.S. economy into a
RECESSION

7.1%
UNEMPLOYMENT RATE
will result from travel-related
job losses alone

Job losses will spike in
April and May, shedding
**52% of ALL TRAVEL
EMPLOYMENT** before May

————— **More Than 7x** the Impact of 9/11 —————

Wichita



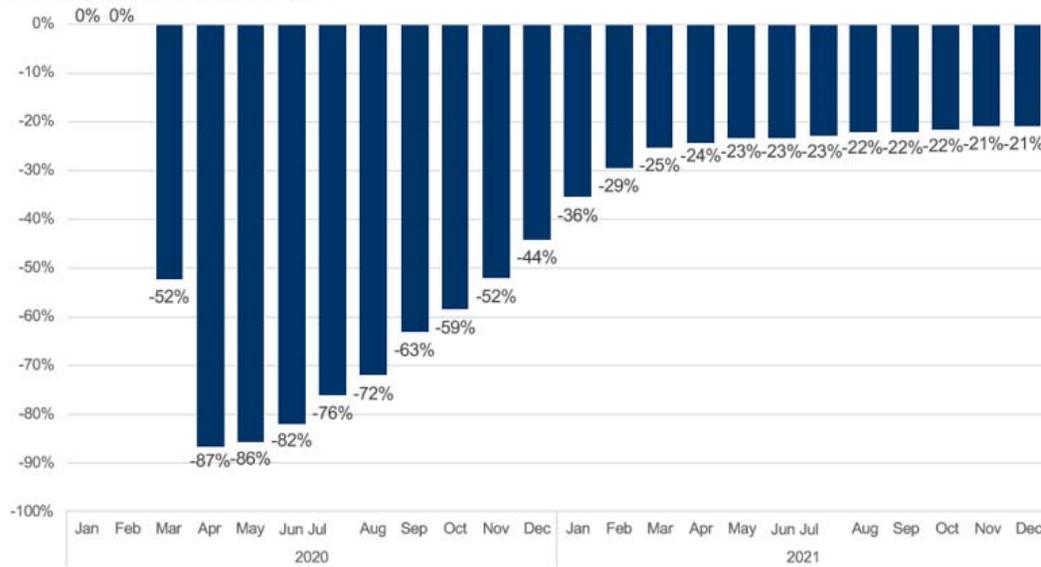
- 8 hotels temporarily suspended operations – to open mid-May
- All Visit Wichita programmatic marketing efforts have been put on hold
- Utilizing social efforts to promote partners locally and connect partners to CARES Act relief
- Once stabilized and recovery begins, marketing efforts critical to let visitors know Wichita is open for business and to help jump-start the local and national travel industry recovery efforts



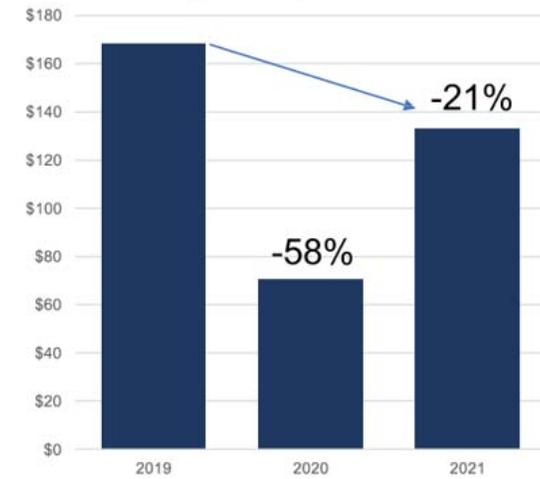
Profile of latest TE / STR forecast

Covid-19 scenario losses: Room revenue

Percentage difference from counterfactual



Room Revenue (\$ billions)



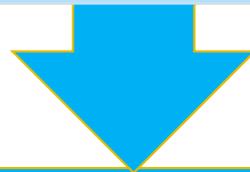
Planning 2021

Scope of Services based on the following:

Revenue down 21% to 2019 collections

Marketing strategy mirroring 2020 planned efforts

Goals to be determined by TBID Council once recovery begins



Once COVID-19 stabilized and recovery begins (Q3/Q4), reconvene TBID Advisory Council:

Review 2020 revenues and strategy to ramp up programmatic marketing and sales efforts to aid recovery

Finalize 2021 strategy and establish leisure advertising goals and group room night goals

Proposed 2021 Budget



- Estimated 2021 revenue: \$2.45 million (21% reduction over 2019 due to Covid19)
- Proposed 2021 Leisure Marketing Expenses: \$1.62 million
- Proposed 2021 Group Marketing Expenses: \$480,000
- Proposed General Expenses: \$350,000



Recommendations



Receive, approve, and file the Tourism Business Improvement District (TBID) 2021 Scope of Services and Budget.



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