

VISIT BEND

Interim Update

FY 2018

Business & Marketing Plan Updates

visitbend.com



THE TAKEAWAY

FY2017 saw another record breaking year for the Bend tourism industry. Building on the success of FY2017, Visit Bend set out to continue the trends for FY2018, leading to increase economic success for the City of Bend and its stakeholders. As of January 1, 2018 - here's where things stand.

- TRT Collections, through November 2017, are up 7.8% YOY.
- Visit Bend is on track to implement a \$1,107,365 direct media buy for winter and shoulder seasons of 2017/18
- Visit Bend is investing in new creative, and will unveil the new campaign this spring
- Visit Bend will be launching a new industry—leading, experiential travel website and blog focusing on retaining users and increasing the demand of tourism stakeholders who rely on the visitors' dollars.
- A plan will be presented in order to establish a reserve fund for the tourism industry to protect from a pending economic downturn.

MARKETING PLAN IMPLEMENTATION

In order to stay in line and ahead of user behavior, a majority of Visit Bend's direct marketing and media buy this year is directed at consumers through digital channels. From September 2017, through May 2018, Visit Bend will spend \$1.62 Million on direct media costs, not including production or web development.

- 88.4% of Visit Bend's direct media spending is occurring during non-summer months.
- For Visit Bend's shoulder season and winter campaigns, 47% is being spent on targeting the wintertime family demographic, 32% on wintertime friends, and 21% on food/drink travelers.
- Marketwise, 38% of the spend is going to the SFO market, 32% to SEA, and 30% to PDX
- Implementation is 76% digital, with the remaining 24% allocated to terrestrial radio and broadcast television – think OPB and NBC.

TRANSIENT ROOM TAX COLLECTIONS

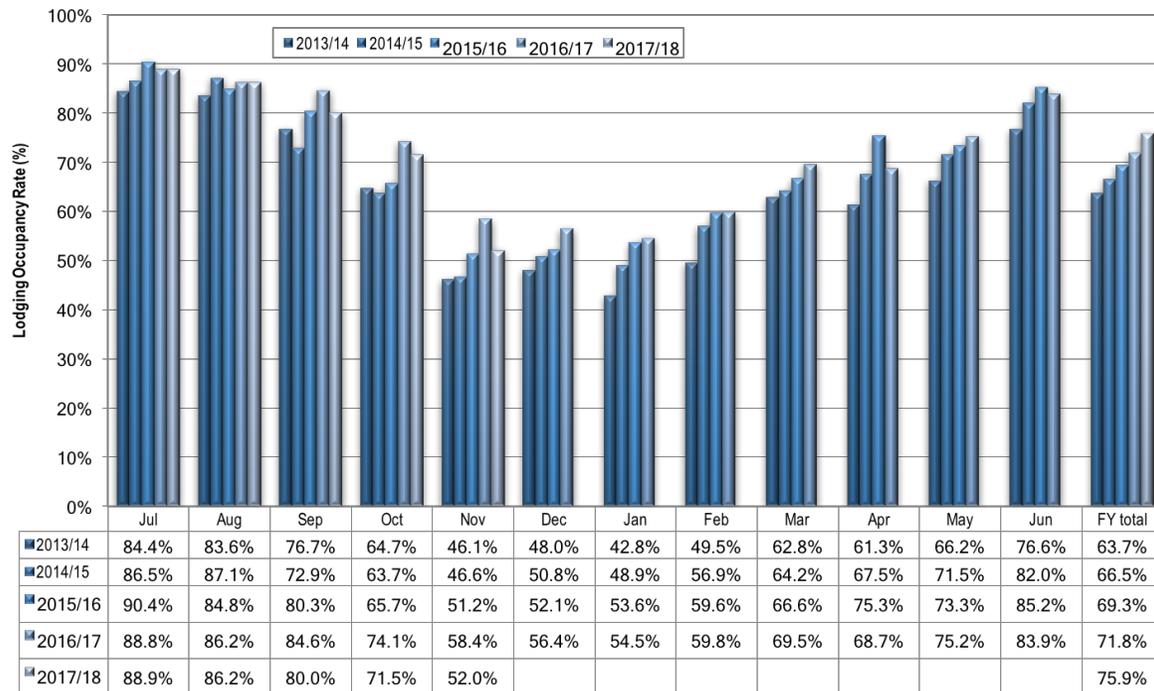
As mentioned, TRT collections, year to date, are up 9.5 percent over FY2017. However, after a historic 61 month run, September saw the first month of year-over-year decline in TRT collections. A strong July and August (eclipse month) have led to the above budget numbers to date.

	FY09/10	CHANGE	FY10/11	CHANGE	FY11/12	CHANGE	FY12/13	CHANGE	FY13/14	CHANGE	FY14/15	CHANGE	FY15/16	CHANGE	FY16/17	CHANGE	FY17/18	CHANGE
JUL	\$ 433,489	-3.5%	\$ 489,662	13.0%	\$ 544,668	11.2%	\$ 543,438	-0.2%	\$ 586,376	7.9%	\$ 881,867	50.4%	\$ 1,167,521	32.4%	\$ 1,253,078	7.3%	\$ 1,421,078	13.4%
AUG	\$ 384,731	-11.9%	\$ 444,130	15.4%	\$ 480,388	8.2%	\$ 534,186	11.2%	\$ 610,702	14.3%	\$ 870,733	42.6%	\$ 1,021,591	17.3%	\$ 1,109,525	8.6%	\$ 1,347,255	21.4%
SEP	\$ 284,892	-11.4%	\$ 328,306	15.2%	\$ 377,773	15.1%	\$ 395,722	4.8%	\$ 462,399	16.8%	\$ 565,927	22.4%	\$ 739,451	30.7%	\$ 839,649	13.6%	\$ 819,113	-2.4%
OCT	\$ 224,398	-7.5%	\$ 250,959	11.8%	\$ 229,891	-8.4%	\$ 280,250	21.9%	\$ 345,402	23.2%	\$ 440,768	27.6%	\$ 530,277	20.3%	\$ 664,833	25.4%	\$ 649,885	-2.2%
NOV	\$ 144,153	-5.6%	\$ 152,274	5.6%	\$ 166,215	9.2%	\$ 178,469	7.4%	\$ 215,766	20.9%	\$ 295,095	36.8%	\$ 357,600	21.2%	\$ 458,649	28.3%	\$ 424,064	-7.5%
DEC	\$ 185,489	22.8%	\$ 218,038	17.5%	\$ 205,601	-5.7%	\$ 228,195	11.0%	\$ 288,908	26.6%	\$ 380,893	31.8%	\$ 434,108	14.0%	\$ 541,672	24.8%		-100.0%
JAN	\$ 143,102	0.4%	\$ 153,692	7.4%	\$ 158,458	3.1%	\$ 183,934	16.1%	\$ 228,564	24.3%	\$ 328,996	43.9%	\$ 399,620	21.5%	\$ 467,385	17.0%		-100.0%
FEB	\$ 165,234	3.2%	\$ 181,006	9.5%	\$ 191,409	5.7%	\$ 205,050	7.1%	\$ 262,821	28.2%	\$ 377,576	43.7%	\$ 428,240	13.4%	\$ 475,558	11.0%		-100.0%
MAR	\$ 198,289	18.5%	\$ 207,918	4.9%	\$ 225,231	8.3%	\$ 260,039	15.5%	\$ 356,557	37.1%	\$ 492,377	38.1%	\$ 542,242	10.1%	\$ 686,690	26.6%		-100.0%
APR	\$ 201,723	12.1%	\$ 215,623	6.9%	\$ 233,926	8.5%	\$ 273,645	17.0%	\$ 329,826	20.5%	\$ 474,418	43.8%	\$ 571,271	20.4%	\$ 635,713	11.3%		-100.0%
MAY	\$ 256,714	7.1%	\$ 290,647	13.2%	\$ 304,522	4.8%	\$ 358,299	17.7%	\$ 431,931	20.6%	\$ 587,528	36.0%	\$ 614,788	4.6%	\$ 766,845	24.7%		-100.0%
JUN	\$ 337,885	14.6%	\$ 348,207	3.1%	\$ 405,876	16.6%	\$ 446,842	10.1%	\$ 601,113	34.5%	\$ 794,235	32.1%	\$ 887,415	11.7%	\$ 1,021,403	15.1%		-100.0%
\$ -	\$ 1,471,663	-8.2%	\$ 1,665,331	13.2%	\$ 1,798,935	8.0%	\$ 1,932,065	7.4%	\$ 2,220,645	14.9%	\$ 3,054,391	37.5%	\$ 3,816,441	24.9%	\$ 4,325,732	13.3%	\$ 4,661,395	7.8%
FY End	\$ 2,960,098	0.8%	\$ 3,280,461	10.8%	\$ 3,523,958	7.4%	\$ 3,888,070	10.3%	\$ 4,720,365	21.4%	\$ 6,490,413	37.5%	\$ 7,694,125	18.5%	\$ 8,920,998	15.9%	\$ 4,661,395	-47.7%

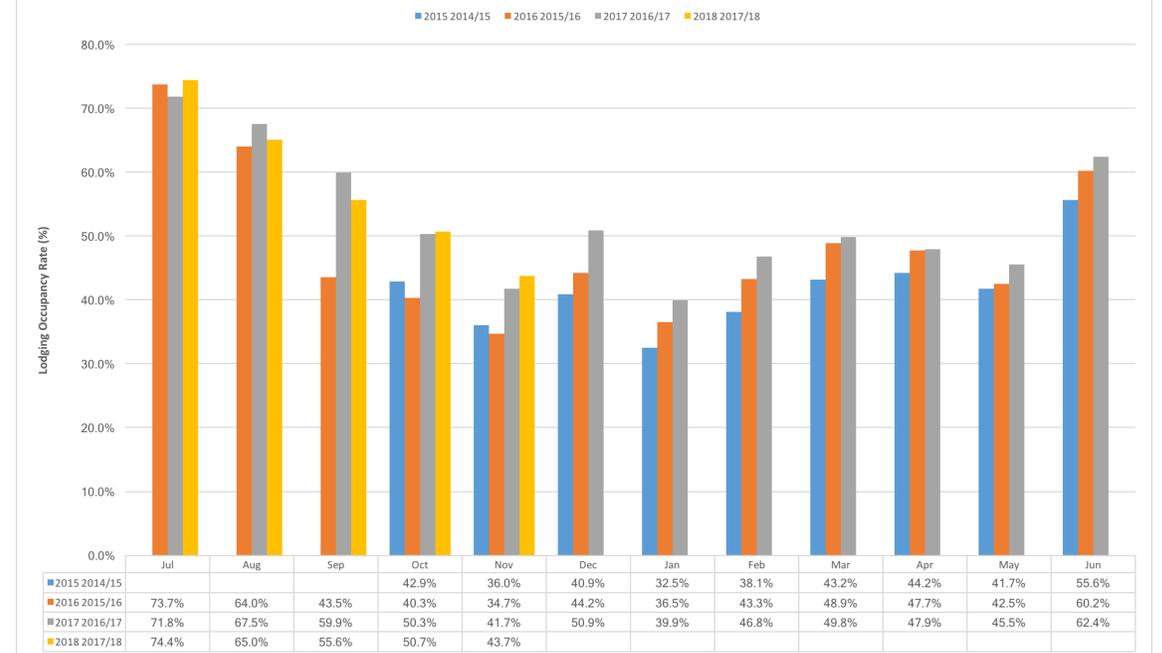
OCCUPANCY DATA FROM STR AND AIRDNA

Hotel occupancy levels have ceased increases over the past several months due to several reasons, primarily more rooms coming online. As more inventory continues to be added to the system, the simple rules of supply and demand are at play. This also leads to a decrease in ADR (average daily rate). Of note, however is an increasing popularity based on occupancy and ADR of vacation rentals shown by the airDNA data.

Bend Lodging Occupancy Rates: July 2013 - Dec 2017



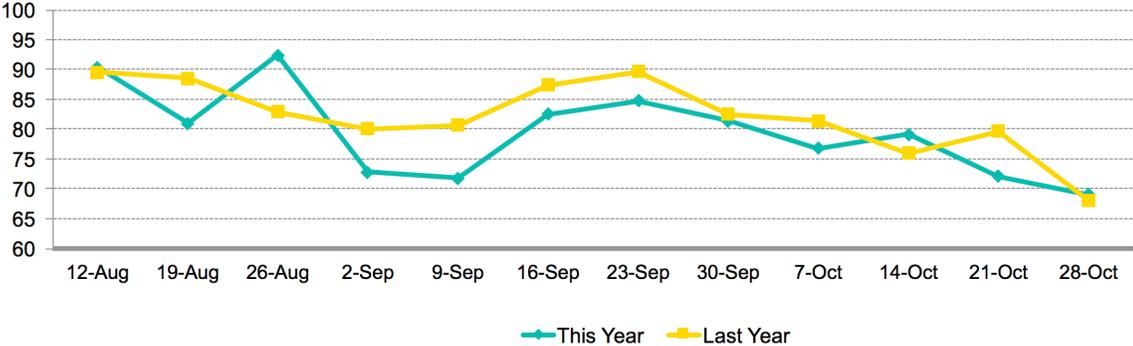
Bend Airbnb Vacation Rental Occupancy Rates - Entire Place Listings



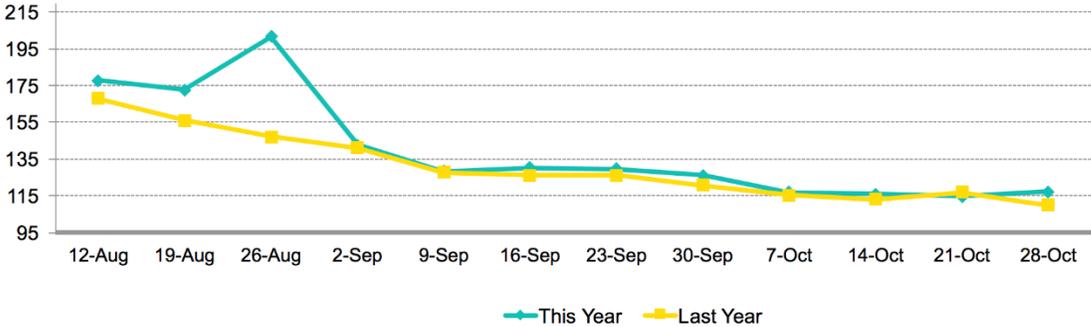
REAL-WORLD CASE STUDY

While Bend’s tourism offerings continue to diversify, our main tourism draw will always be outdoor recreation. According to survey data, approximately 70% of all visitors list recreation/leisure as their primary reason for traveling to Bend. It is for this reason that risks of natural disasters including wildfires, droughts, and climate change can have a lasting impact on visitation; and shows why a ready-to-implement reserve fund is all the more important.

Weekly Occ (%) - Aug 12, 2017 to Oct 28, 2017



Weekly ADR - Aug 12, 2017 to Oct 28, 2017



SAVING FOR A RAINY (OR SMOKY) DAY

Visit Bend’s Board has been working diligently to establish a reserve fund plan that will ensure Visit Bend will have the dollars available necessary to implement an increase in marketing efforts when the industry needs the support the most.

Visit Bend Tourism Reserve Fund Financial Analysis Long Range Budget Forecast

	Actual FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027
TRT Collections	8,920,998	9,634,678	9,827,371	9,827,371	10,023,919	10,424,876	11,050,368	11,823,894	12,769,805	14,046,786	15,591,932
Revenue											
City Funding - 9.0%	2,049,547	2,101,101	2,143,123	2,143,123	2,185,985	2,273,425	2,409,830	2,578,518	2,784,800	3,063,280	3,400,241
City Funding - 1.0%	531,365	648,488	661,458	661,458	674,687	701,674	743,775	795,839	859,506	945,457	1,049,457
City Funding - 0.4%	212,547	259,395	264,583	264,583	269,875	280,670	297,510	318,336	343,802	378,183	419,783
City Funding - 10.4%	2,793,459	3,008,984	3,069,164	3,069,164	3,130,547	3,255,769	3,451,115	3,692,693	3,988,108	4,386,919	4,869,480
Less City Overhead		(56,400)	(58,374)	(60,417)	(62,532)	(64,720)	(66,986)	(69,330)	(71,757)	(74,268)	(76,867)
City Funding Revenue - Current Year	2,793,459	2,952,584	3,010,790	3,008,747	3,068,015	3,191,049	3,384,129	3,623,363	3,916,352	4,312,651	4,792,613
City Funding Revenue - Prior Year(s)	416,000	-	-	-	-	-	-	-	-	-	-
City Funding Revenue - Total	3,209,459	2,952,584	3,010,790	3,008,747	3,068,015	3,191,049	3,384,129	3,623,363	3,916,352	4,312,651	4,792,613
Current Balance + 5% of Budget		65,000	215,539	365,977	519,378	678,930	848,136	1,029,305	1,225,122	1,440,755	1,680,385
Growth (Loss) from Previous Year			150,539	150,437	153,401	159,552	169,206	181,168	195,818	215,633	239,631
Current Balance + 3% of Budget		65,000	155,324	245,586	337,627	433,358	534,882	643,583	761,073	890,453	1,034,231
Growth (Loss) from Previous Year			90,324	90,262	92,040	95,731	101,524	108,701	117,491	129,380	143,778

UPDATED RESERVE FUND PROPOSAL LANGUAGE

Cash Reserve Policy: Visit Bend will maintain two separate reserve funds as outlined below.

A **Wind Down** reserve fund consisting of restricted cash reserve fund in a money market account equal to an estimate of three months of operating costs. In the event that Visit Bend is dissolved, the Board of Directors, may approve accessing cash reserve funds to finance a three month phase-out of Visit Bend operations. Currently this cash reserve is set at **\$100,000**.

A second reserve fund that may be used for:

Unbudgeted marketing or operational opportunities: The Board may approve accessing cash reserve funds to participate in special unbudgeted marketing or operational opportunities.

Unbudgeted capital expenditures: The Board may approve accessing cash reserve funds to finance unbudgeted capital expenditures.

This cash reserve fund will be funded over several years until the balance reaches **\$750,000**.

Each year, as the annual Business Plan is prepared, the fiscal year-to-date transient room tax collections will be reviewed. When it is anticipated that the TRT collected by the current fiscal year end will be 103% of the current year's budgeted amount, Visit Bend will allocate 5% of the upcoming fiscal year's overall budget to this reserve fund. This will be included in the Business Plan proposed to BEDAB and City Council.

Use of cash reserve funds requires a majority vote from the Board of Directors. In all instances, Board approval to spend cash reserve funds must be accompanied by a written plan and specific timeline to replace those funds within a time period and strategy deemed reasonable by a majority vote of the Board of Directors.

Visit Bend reserves the right to review and to make changes to the Reserve Fund policy on an annual basis, as long as policy changes are approved by a majority vote of the Board of Directors.

