



City Council Workshop Agenda

October 10, 2023 at 6:30 PM

City Hall Council Chambers - 210 W. 6th Ave and Virtual

The City of Kennewick broadcasts Council meetings via Zoom and on the City's website at <https://www.go2kennewick.com/CouncilMeetingBroadcasts>.

No public comment is taken at workshops.

1. CALL TO ORDER
2. 2024 CITY COUNCIL LEGISLATIVE PRIORITIES
3. 2024 TOURISM PROMOTION AREA (TPA) BUDGET & MARKETING PLAN
4. ADJOURN



LEGISLATIVE PRIORITIES

—
City of Kennewick

2024

OVERALL STRATEGY

Kennewick supports legislation that is in alignment with the City Council strategic goals and priorities and protects the City's ability to provide exceptional services to our businesses and citizens.

Kennewick believes the decisions are most effective when made at the **local level** and therefore opposes legislation that preempts authority or discretion vested in local governments or would impose unfunded mandates upon the City.

Kennewick seeks to work with the legislature to **strengthen local partnership** and protect revenue sources, provide new revenue options and provide flexibility in use of existing revenues for the City.





TRANSPORTATION & INFRASTRUCTURE FUNDING:

The City supports funding for **critical local infrastructure** projects by returning the diverted revenue streams that would fully fund the Public Works Assistance Account.

The City further supports flexible state and federal dollars for critical regional **public safety infrastructure**; continuing strong state investments in infrastructure funding to support operations and maintenance of traditional and non-traditional infrastructure; and **expand funding options** that support state and local transportation needs with emphasis on preservation and maintenance.

TRANSPORTATION & INFRASTRUCTURE FUNDING

The City of Kennewick and the region have a few critical infrastructure projects that require significant funding in order to **maintain existing service levels** and continue to **prepare for future growth**.

Examples of these projects are:

- At Grade Crossing Improvements (Rail Traffic)
- Regional Traffic Impacts on US 395 Corridor
- Regional Dispatch Center infrastructure priorities to include replacement of the Microwave System & Radio System for Fire personnel.





PUBLIC SAFETY PRIORITIES

Kennewick supports opposing legislation that places restrictions on local police authority.

Kennewick further supports better funding for State Toxicology Lab to provide for timely prosecution of cases; funding for Eastern State Hospital to reduce delays in competency evaluations; Legislation that fixes issues relating to **juvenile questioning** during criminal investigations; and legislation that **clarifies pursuit laws**.

GROWTH MANAGEMENT ACT (GMA) REFORM & LAND USE

The City supports **engagement in GMA reform conversation** and secure dedicated planning funding. The City is against preemption of local land use authority.





ECONOMIC DEVELOPMENT

The City supports economic development incentives and **flexible funding**.

The City continues to support flexible, creative solutions to work with our developer partners to encourage growth and **create family wage jobs**.

The City of Kennewick supports new tools, incentives, and changes to mandates to help **increase housing supply and affordability**. The City supports extension of the Public Facilities District state sales tax credit for an additional 25 years to help fund major public facilities projects.

REVENUE FLEXIBILITY

The City supports revenue flexibility by maintaining our existing revenue options, **providing more flexibility** with local revenue options, and refraining from imposing unfunded programs or mandates on local governments.

The City supports **funding tools for officer recruitment** and retention to improve public safety. This includes updating the local option Public Safety Sales Tax to allow implementation by councilmanic authority.

PROVIDE BEHAVIOR HEALTH RESOURCES

The City supports the effort by Benton County to fund and build a recovery center in the Tri-Cities. The Center will provide over 550,000 individuals access to a **full continuum of behavioral health services**.

The City supports continued state funding for cities to help communities establish alternative response programs like co-responder programs, diversion programs, and others that provide **options beyond law enforcement** to assist individuals experiencing behavioral health challenges.





REVISE THE ARBITRARY PROPERTY TAX CAP

The City supports **revising the arbitrary 1% property tax cap** that has been in place for more than 20 years. Tie the tax to inflation and population growth factors with a **new cap not to exceed 3%**.

This allows local elected officials to adjust the local property tax rate to better serve our communities and keep up with the costs of providing basic services like police, fire, streets, and valued community amenities like parks

GENERAL GOVERNMENTAL

The City **supports simplification of Public Records exemptions for Police records**, providing a more streamlined and consistent process.

The City **opposes any efforts to expand tort law liability** and/or remedies available under tort law. Tort reform for public agencies needs to be addressed and balance restored between protecting harmed individuals with reasonable verdicts and appropriate defense.







Legislative Priorities

City of Kennewick Government

Overall Strategy

Kennewick supports legislation that is in alignment with the City Council's strategic goals and priorities and protects the City's ability to provide exceptional services to our businesses and citizens. Kennewick believes decisions are most effective when made at the local level and therefore opposes legislation that preempts authority or discretion vested in local governments or would impose unfunded mandates upon the City. Kennewick seeks to work with the legislature to strengthen local partnerships.

The City of Kennewick supports the following:



Transportation & Infrastructure Funding

Funding for critical local infrastructure projects by returning the diverted revenue streams that would fully fund the Public Works Assistance Account. The City further supports flexible state and federal dollars for critical regional public safety infrastructure; continuing strong state investments in infrastructure funding to support operations and maintenance of traditional and non-traditional infrastructure; and expand funding options that support state and local transportation needs with emphasis on preservation and maintenance.

The City of Kennewick and the region have a few critical infrastructure projects that require significant funding in order to maintain existing service levels and continue to prepare for future growth. Examples of these projects are:

- At Grade Crossing Improvements (Rail Traffic)
- Regional Traffic Impacts on US 395 Corridor
- Regional Dispatch Center infrastructure priorities to include replacement of the Microwave System & Radio System for Fire personnel.



Public Safety Priorities

Opposing legislation that places restrictions on local police authority. Kennewick further supports better funding for State Toxicology Lab to provide for timely prosecution of cases; funding for Eastern State Hospital to reduce delays in competency evaluations; Legislation that fixes issues relating to juvenile questioning during criminal investigations; and legislation that clarifies pursuit laws.



Growth Management Act Reform & Land Use

Engagement in GMA reform conversation and secure dedicated planning funding. The City is against preemption of local land use authority.



Economic Development

Economic development incentives and flexible funding. The State does not allow for many incentives or tax increment financing type of funding. The City continues to support flexible, creative solutions to work with our developer partners to encourage growth and create family wage jobs. The City of Kennewick supports new tools, incentives, and changes to mandates to help increase housing supply and affordability. The City supports extension of the Public Facilities District state sales tax credit for an additional 25 years to help fund major public facilities projects.



Revenue Flexibility

Revenue flexibility by maintaining our existing revenue options, providing more flexibility with local revenue options, and refraining from imposing unfunded programs or mandates on local governments. The City supports funding tools for officer recruitment and retention to improve public safety. This includes updating the local option Public Safety Sales Tax to allow implementation by councilmanic authority.



Provide Behavioral Health Resources

The effort by Benton County to fund and build a recovery center in the Tri-Cities. The Center will provide over 550,000 individuals access to a full continuum of behavioral health services. The City supports continued state funding for cities to help communities establish alternative response programs like co-responder programs, diversion programs, and others that provide options beyond law enforcement to assist individuals experiencing behavioral health challenges.



Revise the Arbitrary Property Tax Cap

Revise the arbitrary 1% property tax cap that has been in place for more than 20 years. Tie the tax to inflation and population growth factors with a new cap not to exceed 3%. This allows local elected officials to adjust the local property tax rate to better serve our communities and keep up with the costs of providing basic services like police, fire, streets, and valued community amenities like parks.



General Governmental

Simplification of Public Records exemptions for Police records, providing a more streamlined and consistent process. The City opposes any efforts to expand tort law liability and/or remedies available under tort law. Tort reform for public agencies needs to be addressed and balance restored between protecting harmed individuals with reasonable verdicts and appropriate defense.



Public Safety Priorities

The City of Kennewick supports providing appropriate authority to our law enforcement personnel

The City of Kennewick supports funding for regional law enforcement academies

The City of Kennewick supports legislation that fixes issues relating to juveniles questioning during criminal investigations and clarifies pursuit laws

Infrastructure and Economic Development

The City of Kennewick supports funding for critical local infrastructure projects including returning the diverted revenue streams that would fully fund the Public Works Assistance Account

The City of Kennewick supports flexible state and federal dollars to help finance basic infrastructure

The City of Kennewick supports economic development incentives and flexible funding

The City of Kennewick supports funding for critical regional public safety infrastructure (Microwave & Radio systems)

The City of Kennewick supports new tools, incentives, and changes to mandates to help increase housing supply and affordability

The City of Kennewick supports critical regional transportation projects such as at-grade crossing improvements and impacts on US 395

The City of Kennewick supports Public Facilities District sales tax extension for 25 years to help fund of major facilities projects

Local Decision Making

The City of Kennewick supports engagement in GMA reform conversation and secure dedicated planning funding

The City of Kennewick opposes preemption of local land use authority

The City of Kennewick opposes extended State emergency powers without appropriate input and oversight

The City of Kennewick supports amendments to PFMLA to allow cities the ability to appropriately track uses of this State resource to more effectively coordinate benefits

General Governmental

The City of Kennewick opposes funding a PERS I COLA program with contributions from employers

The City of Kennewick supports legislation to clarify exempt employee status for large employers (> 51 employees), which currently requires employers to pay 2 times the minimum wage to be exempt

The City of Kennewick supports a revision to the property tax cap to tie it to inflation and population growth factors so that the City can adjust the local property tax rate to better serve our community needs and priorities

The City of Kennewick supports simplification of Public Records exemptions for police records

The City of Kennewick opposes any efforts to expand tort law liability and/or the remedies available under tort law

Regional Behavioral Health Recovery & Crisis Response

The City of Kennewick supports the effort by Benton County to fund and build a recovery center in the Tri-Cities. The Center will provide over 550,000 individuals access to a full continuum of behavioral health services

The City of Kennewick supports greater access to community-based behavioral health services to include substance use disorder treatment and state funding to help communities establish alternative response programs



Tri-City Regional Hotel-Motel Commission

2024 BUDGET AND MARKETING PLAN

CITY OF KENNEWICK | OCTOBER 10, 2023

VISIT TRI-CITIES

Purpose: Coordinate promotion and development of the destination.
Increase economic impact by attracting visitors who stay in hotels.



TOPICS

- Visit Tri-Cities Mid-Year Report
- Tourism Promotion Area Program & Budget
- TPA Project Requests
- IRONMAN Event Overview



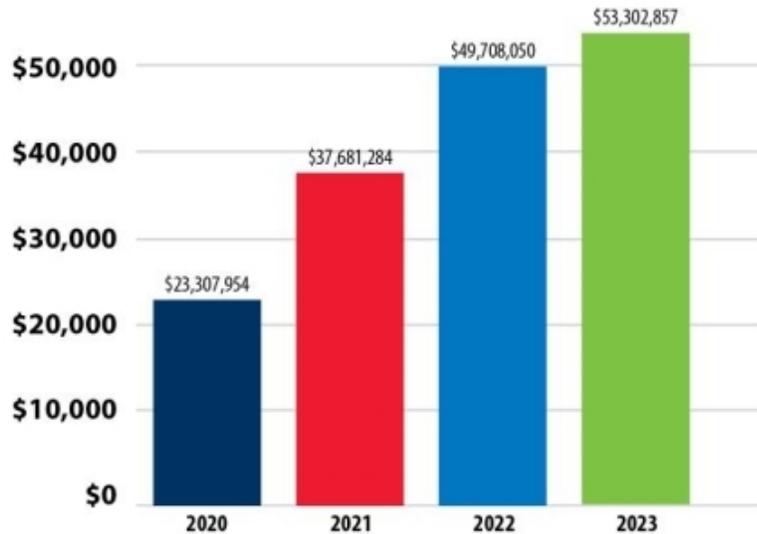
Visit Tri-Cities 2023 Mid-Year Report

TOURISM OUTLOOK

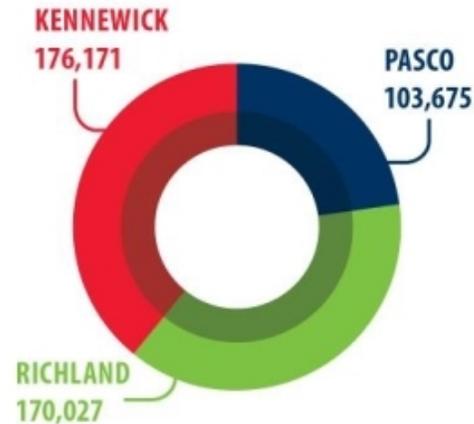


- Travel demand has softened
 - Inflationary pressures are taking their toll
 - 2.4% decrease in room nights sold
- Tri-Cities leads the state in Occupancy Percentage
- Increase in RevPar is 2nd highest in the State

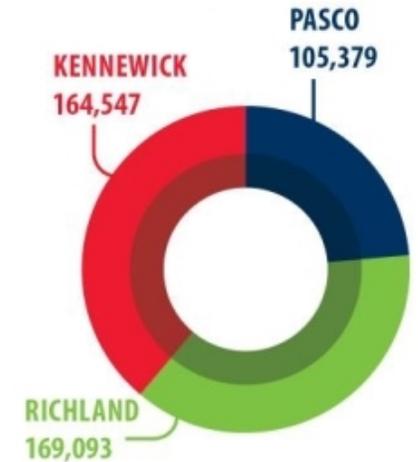
Hotel Revenues January – June



Room nights sold January - June 2022
Total: 449,873



Room nights sold January - June 2023
Total: 439,019



CONVENTION AND SPORTS MARKETING

CONVENTION & SPORTS SALES

86 Number of conventions, sports and group events

54,028 Number of delegates attracted

\$13,607,063 Visitor spending

SALES ACTIVITIES

18,701 Representing total room nights

60 Leads issued **393** Sales calls

OLYMPIA SALES BLITZ

39 Meeting Planners **24** Organizations

FUTURE CONVENTION & SPORTS SALES

40 Number of future conventions, sports and group events

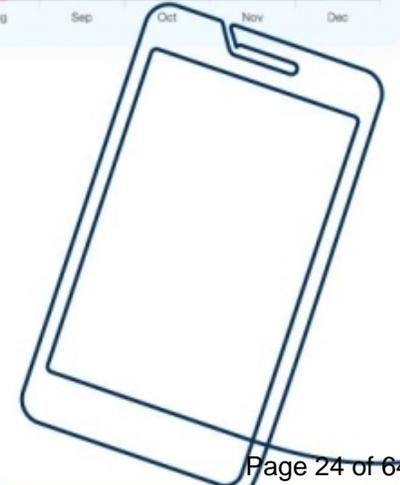
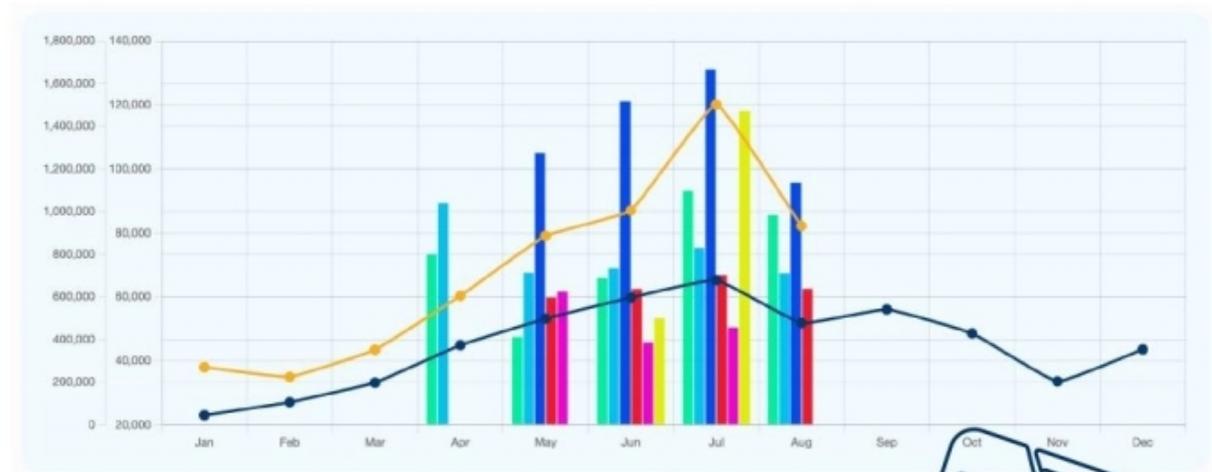
\$4,958,476 Future visitor spending



MARKETING AND COMMUNICATIONS



| | |
|----------------------|--|
| Digital Ad Campaigns | 9,915,733 Impressions |
| Website | 130,819 Unique Users 343,732 Page Views 3,598 Partner Referrals |
| Media Outreach | 23 Positive Stories 11,370,900 Impressions 50,653 Coverage Views 7 FAM Visits for Writers |
| Print Publications | 13 Print Ads |



DEVELOPMENT & COLLABORATION

Groups & Committees Managed by Visit Tri-Cities

- Hotel Directors of Sales Committee
- Tri-City Regional Hotel-Motel Commission
- Tri-Cities Wine Tourism Council
- Tri-Cities National Park Committee
- Tri-Cities Sports Council
- Tri-Cities Rivershore Enhancement Council
- Benton Franklin River Heritage Foundation
- Tri-Cities Strategic Alliance



Tourism Promotion Area

TOURISM PROMOTION ASSESSMENTS SUPPORT:



- Convention, Sports and Group Marketing
- Digital Advertising
- Social Media Advertising
- Broadcast Advertising
- Wine Country, STEM, and Outdoor Recreation
- Website
- Regional and National Trade Shows
- Opportunity Fund Grants
- Regional Collaborative Projects



TRI-CITY REGIONAL HOTEL-MOTEL COMMISSION



CITY OF KENNEWICK

Mark Blotz, Clover Island Inn

Nickolas Woody, SureStay Plus Hotel by Best Western

Kennewick

Marie Mosley, Ex Officio, City of Kennewick

CITY OF PASCO

Monica Hammerberg, Hampton Inn & Suites Pasco/Tri-Cities

Jerry Beach, A1-Hospitality

Adam Lincoln, Ex Officio, City of Pasco

CITY OF RICHLAND

Yesenia Galvez, Holiday Inn Richland on the River

Lacey Stephens, Home2 Suites by Hilton

Jon Amundson, Ex Officio, City of Richland

Tri-City Hotel-Motel Commission 2024 Budget and Marketing Plan

TOURISM PERFORMANCE

PROJECTED U.S. HOTEL KEY PERFORMANCE METRICS*

| | 2021 Actual | 2022 Actual | 2023 Forecast | 2024 Forecast | 2025 Forecast |
|-------------------------|-------------|-------------|---------------|---------------|---------------|
| Occupancy | 57.6% | 62.6% | 63.5% | 64.4% | 65.3% |
| ADR | \$125 | \$149.06 | \$154.28 | \$159.03 | \$164.27 |
| RevPAR | \$72 | \$93.29 | \$97.95 | \$102.49 | \$107.31 |
| RevPAR Compared to 2019 | -17% | -7.3% | -2.7% | +1.8% | +6.6% |

*STR May 2022 Forecast

2023 PERFORMANCE JANUARY - JUNE*

| | OCC | ADR | RevPar | RevPar vs Prior Year |
|------------|-------|----------|----------|----------------------|
| SEATTLE | 64.2% | \$192.54 | \$123.57 | +16.2% |
| SPOKANE | 60.7% | \$139.47 | \$84.69 | +6.4% |
| TACOMA | 59.1% | \$128.08 | \$75.73 | +6.3% |
| TRI-CITIES | 66.7% | \$121.13 | \$80.77 | +12.4% |
| VANCOUVER | 65.1% | \$131.16 | \$85.38 | +5.2% |
| YAKIMA | 49.7% | \$110.36 | \$54.82 | +1.7% |

*STR June 2023 Destination Report



GUESTROOM AND RFP PRODUCTIVITY

GUESTROOM PRODUCTIVITY

| | 2022 ACTUAL | 2023 FORECAST | 2024 GOALS |
|---------------------|---------------|---------------|---------------|
| CONVENTION BOOKINGS | 19,654 | 18,000 | 20,000 |
| SPORTS BOOKINGS | 21,481 | 24,000 | 25,000 |
| TOTAL | 41,135 | 42,000 | 45,000 |

RFP PRODUCTIVITY

| LEADS ISSUED | 2022 | 2023 | 2024 |
|--------------|------------|------------|-------------|
| QTR 1 | 40 | 29 | 45* |
| QTR 2 | 44 | 31 | 50* |
| QTR 3 | 39 | 35* | 60* |
| QTR 4 | 67 | 70* | 75* |
| TOTAL | 190 | 165 | 230* |

*Estimated Production



MEETINGS & CONVENTIONS



20,000
GUEST ROOMS BOOKED



\$5,250,000
ESTIMATED ECONOMIC IMPACT



\$2,600,000
ESTIMATED DIRECT HOTEL SPENDING

CONVENTION SALES PROGRAM TOTAL:

\$80,069

ADVERTISING

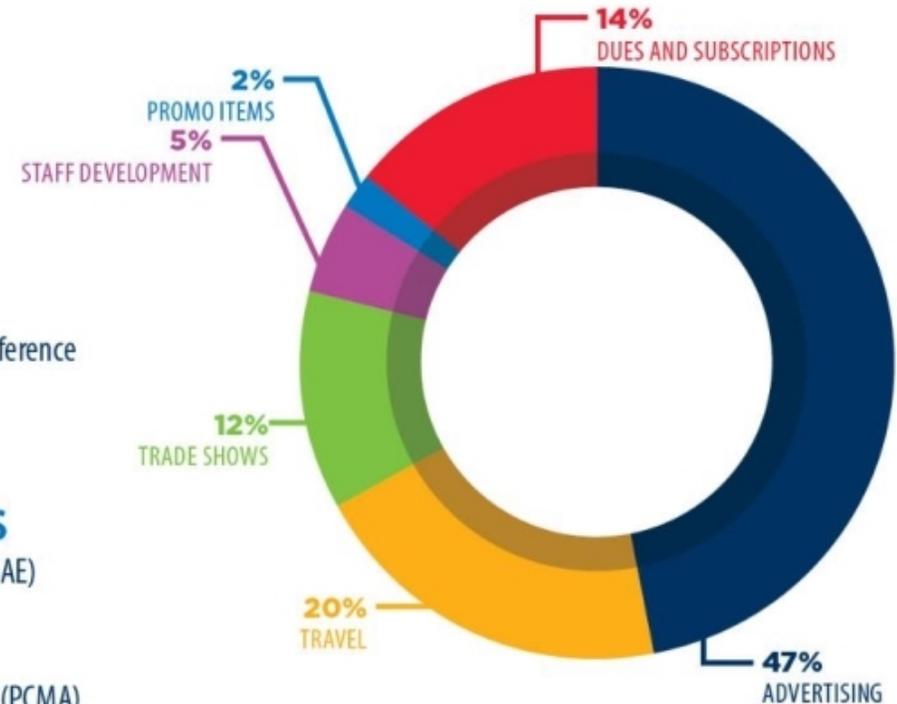
Event Diamond Listing
Digital Advertising
Retargeting Campaigns

TRADE SHOWS

Meeting Planners International (MPI)
Washington Society for Association Excellence Conference
National Event for Planners and Travel Advisors
Northwest Event

DUES AND SUBSCRIPTIONS

Washington Society of Association Executives (WSAE)
Meeting Professionals International (MPI)
Society of Government Meeting Professionals
Professional Convention Management Association (PCMA)
National Tour Association
Religious Conference Management Association (RCMA)
Military Reunion Network
DI MINT



SPORTS AND TOURNAMENTS



25,000
GUEST ROOMS BOOKED



\$7,187,500
ESTIMATED ECONOMIC IMPACT



\$3,125,000
ESTIMATED DIRECT HOTEL SPENDING

SPORTS PROGRAM TOTAL:

\$142,385

ADVERTISING

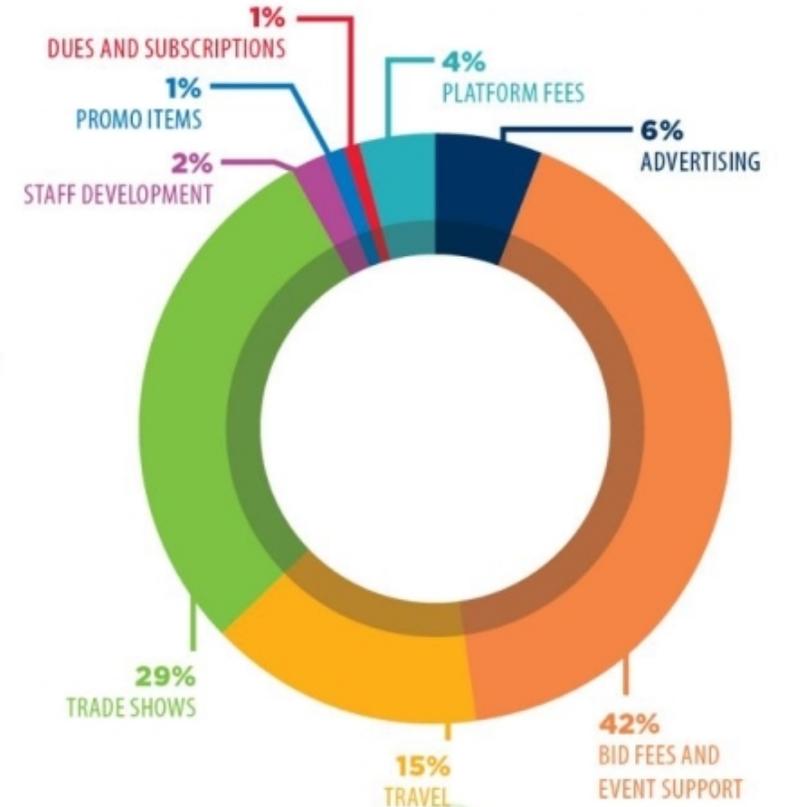
Print Advertising
Playeasy Event Planner Platform
Sports Planning Guide Listings
Printed Sports Facilities Map

BID FEES AND EVENT SUPPORT

USTA Tennis Championships: \$5,000 (Aug)
National Horseshoe Pitchers Association: \$28,000 (July)
B.A.S.S. Nation: \$15,000 (Aug)
Tri-City Water Follies: \$10,000 (Aug)

TRADE SHOWS

TEAMS Conference
EsportsTravel Summit
S.P.O.R.T.S Relationship Conference
Sports ETA Symposium
US Sports Congress



TOURISM DEVELOPMENT

TOURISM DEVELOPMENT
TOTAL:
\$563,157



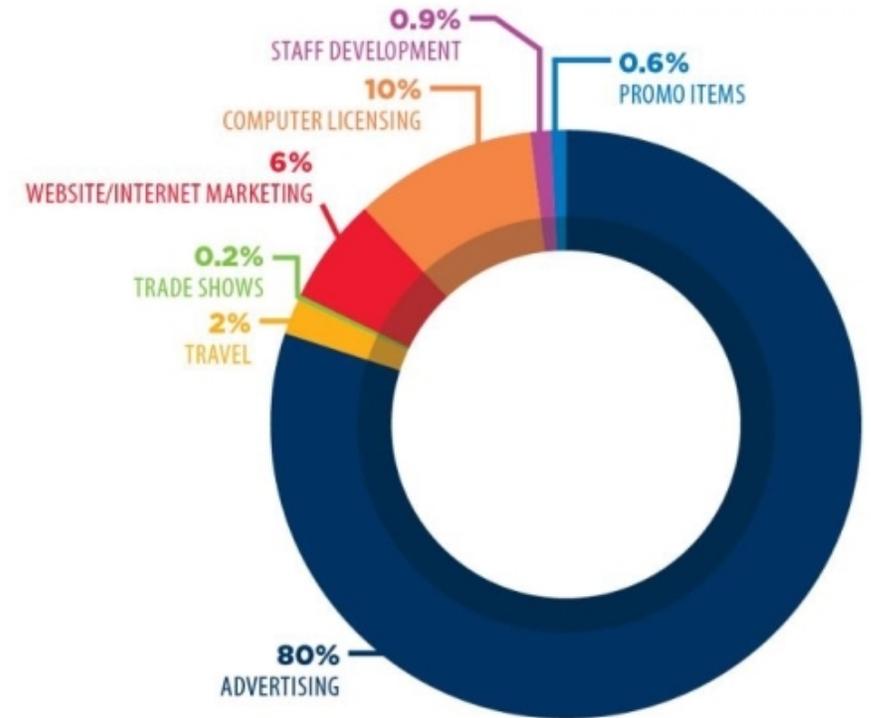
ADVERTISING

- Print
- Digital
- Social
- Broadcast
- Visit Tri-Cities Visitor Guide

WEBSITE

TRADE SHOWS

- Taste Washington
- Spokane Golf & Travel Show



DESTINATION MARKETING ORGANIZATION (DMO) FUNDING COMPARATIVE



| | Budget | 2024 Projected Budget |
|---------------|-----------|-----------------------|
| Kennewick TPA | \$881,500 | \$899,800 |
| Pasco TPA | \$430,500 | \$572,000 |
| Richland TPA | \$738,000 | \$728,000 |



| Destination | Seattle | Spokane | Seattle Southside | Tri-Cities | Tacoma | Yakima Valley | Vancouver | Walla Walla |
|-----------------------------|--------------|-------------|-------------------|-------------|-------------|---------------|-------------|-------------|
| Overall Budget | \$30,000,000 | \$6,700,000 | \$3,591,000 | \$3,211,000 | \$4,000,000 | \$3,470,000 | \$2,750,000 | \$1,200,000 |
| TPA Budget | \$18,000,000 | \$4,983,000 | \$3,578,400 | \$2,200,000 | \$1,800,000 | \$1,350,000 | \$1,250,000 | \$385,000 |
| Hotel-Motel Tax Investments | \$0 | \$2,326,474 | \$0 | \$779,727 | \$2,000,000 | \$557,973 | \$700,000 | \$6980,000 |

TPA Project Requests

TPA RESERVE FUNDS

| | |
|-------------------------------|-------------|
| Balance as of August 31, 2023 | \$2,288,638 |
| Less Operating Funds | (\$150,000) |
| Revised Reserve Balance | \$2,138,638 |

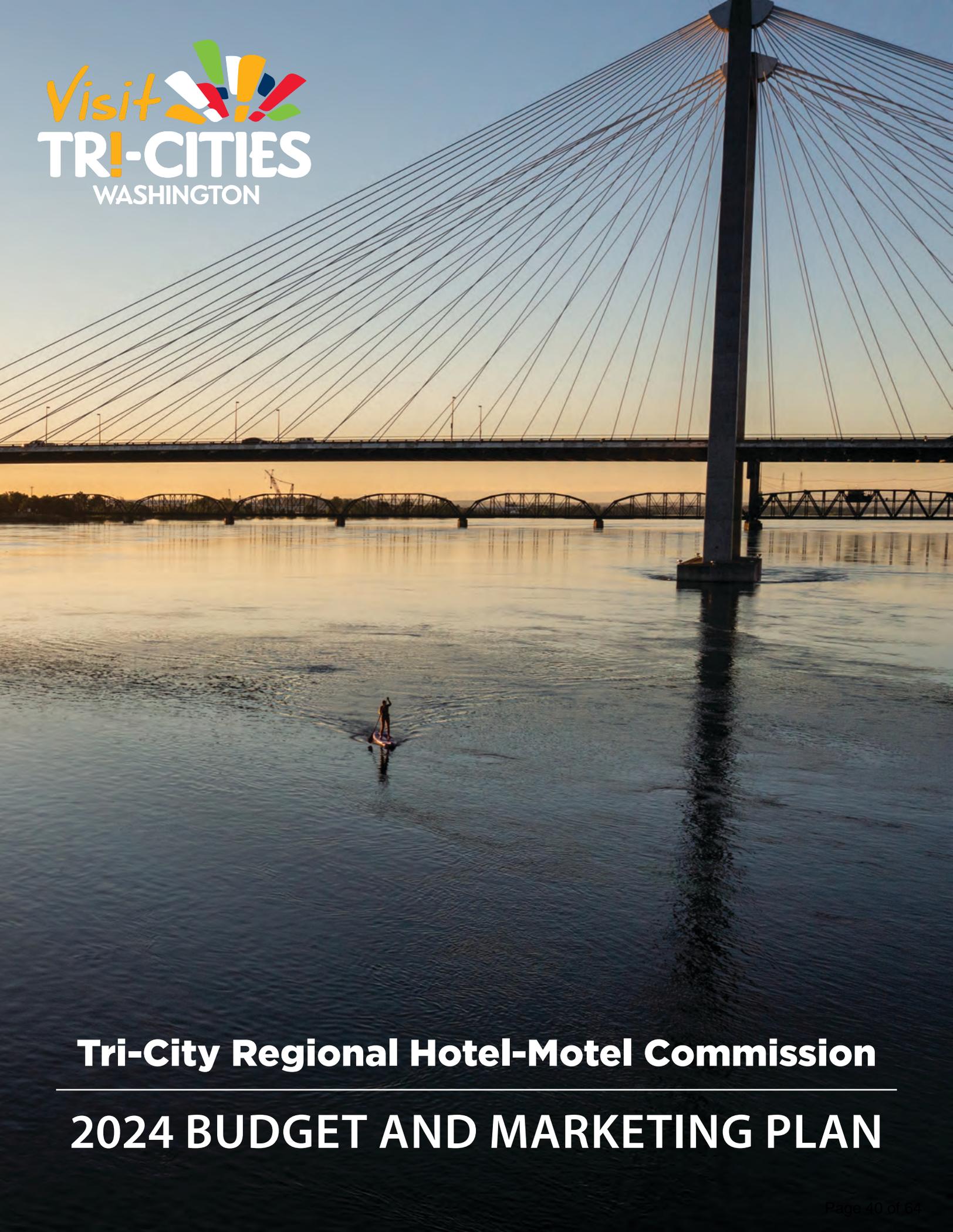
| | |
|----------------------------------|-------------|
| Minimum Reserve Balance Required | (\$500,000) |
| Available Funds | \$1,638,638 |

| | |
|----------------------------------|-------------|
| Previous Committed Projects | (\$767,052) |
| Funds Available for Reinvestment | \$871,586 |

TPA NEW PROJECT REQUEST

| | |
|---|-----------|
| Funds Available for Reinvestment | \$871,586 |
| Restructure of Digital Marketing Programs | \$125,000 |
| Support for Signature Sports Events | \$100,000 |
| Total | \$225,000 |
| Balance | \$646,586 |





Tri-City Regional Hotel-Motel Commission

2024 BUDGET AND MARKETING PLAN

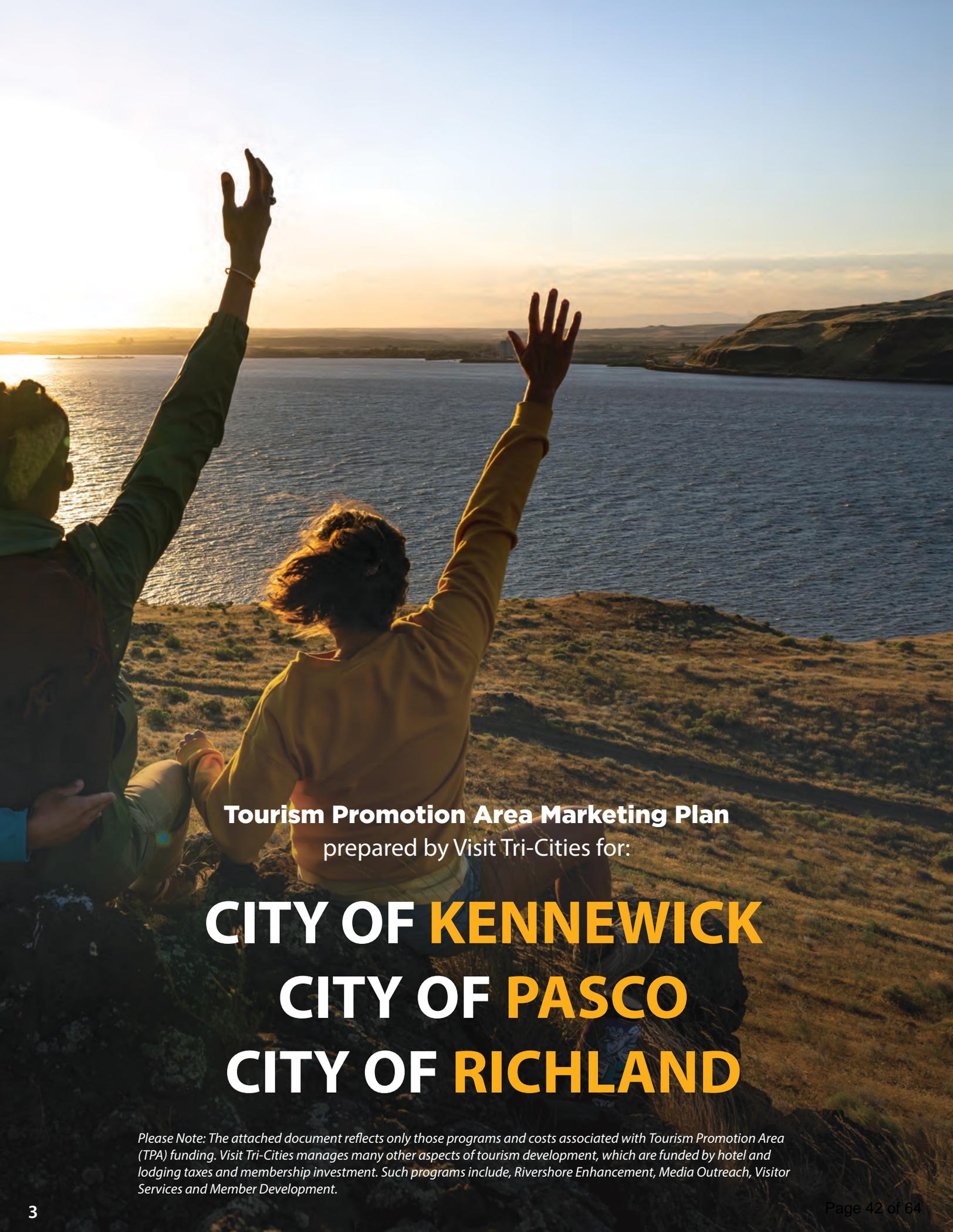


VISION

Inspire wanderlust for a bold yet casual, geeky but cool, magical experience in wide-open spaces.

MISSION

We make the Tri-Cities bigger, bolder, brighter, better and more cool through tourism.



Tourism Promotion Area Marketing Plan
prepared by Visit Tri-Cities for:

CITY OF KENNEWICK
CITY OF PASCO
CITY OF RICHLAND

Please Note: The attached document reflects only those programs and costs associated with Tourism Promotion Area (TPA) funding. Visit Tri-Cities manages many other aspects of tourism development, which are funded by hotel and lodging taxes and membership investment. Such programs include, Rivershore Enhancement, Media Outreach, Visitor Services and Member Development.

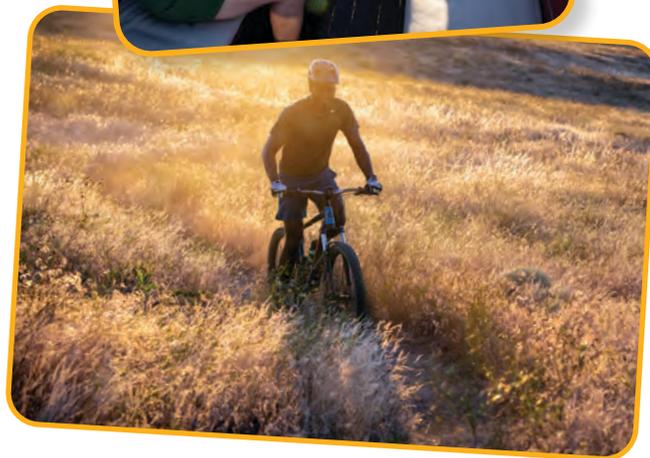
INTRODUCTION

Visit Tri-Cities is a 501c6 non-profit organization whose contracted purpose is to foster tourism, support local businesses, and promote economic growth within the Tri-Cities region. Visit Tri-Cities, (VTC) is supported by the Tri-City Regional Hotel-Motel Commission which was created in 2004. Through an interlocal agreement between the Cities of Kennewick, Pasco, and Richland, and the lodging properties within those cities, VTC was designated as the unified authority to strategically coordinate promotion and development of the destination. Funding is provided through a Tourism Promotion Assessment (TPA), which currently collects \$3 for each night a guest stays in a hotel. As detailed in the agreement, TPA funds are designed to supplement, not replace, other VTC funding sources such as lodging tax and membership dues.

As a crucial player in economic development, VTC utilizes TPA revenues to promote the destination and ensure that visitors experience the best our cities have to offer while also bolstering the overall prosperity of the community. By bringing together resources from the three cities, VTC creates a strong collaborative platform, allowing us to brand and market the region effectively and attract a diverse range of visitors.

In 2024, TPA revenues are projected to reach just over \$2 million. These funds are put to judicious use supporting the four strategic pillars of our organization: Strategic Sales and Marketing, Collaborative Destination Development, Proactive Community Engagement, and Innovation in the Organization. These pillars encompass a wide array of endeavors including destination marketing campaigns, group sales initiatives, infrastructure development, hospitality training programs, and collaborative efforts to facilitate meetings and events that draw tourists throughout the year. Within the annual TPA budget, a Tourism Opportunity Fund has been established to ensure funds are available to support and incentivize key events to book their business here. Before being granted, recommended incentives are reviewed and approved by the Hotel-Motel Commissioners based on the number of hotel rooms each event books in the area. Incentive funds are paid out after successful completion of each event. Additional TPA revenues are allocated to conduct research and collect valuable data to better understand visitor trends and preferences, enabling VTC to make informed decisions for the continuous improvement in our promotional efforts and tourism offerings.

The Tri-City Regional Hotel-Motel Commission stands as a vital force in enhancing the economic viability of our communities. Driving our region's tourism sector forward yields numerous benefits for residents, businesses, and visitors alike. The following pages outline the TPA budget and marketing plan to demonstrate how these funds will be utilized in 2024.





ACKNOWLEDGMENTS

We greatly appreciate the time and dedication of our city partners and hoteliers who meet monthly to provide Visit Tri-Cities with support and direction on how to invest the proceeds from the tourism promotion assessments collected in Kennewick, Pasco, and Richland.

TRI-CITY REGIONAL HOTEL-MOTEL COMMISSION

KENNEWICK

Mark Blotz, Clover Island Inn
Nickolas Woody, SureStay Plus Hotel by Best Western Kennewick
Marie Mosley, Ex Officio, City of Kennewick

PASCO

Monica Hammerberg, Hampton Inn & Suites Pasco/Tri-Cities
Jerry Beach, A1-Hospitality
Adam Lincoln, Ex Officio, City of Pasco

RICHLAND

Yesenia Galvez, Holiday Inn Richland on the River
Lacey Stephens, Home2 Suites by Hilton
Jon Amundson, Ex Officio, City of Richland



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TOURISM 2024

NATIONAL OUTLOOK

Demand for domestic travel has been gradually increasing in 2023, but the pace is slower than it was in 2022 and projections show it will level off in the second half of the year.

The June 2023 STR & Tourism Economics report projected slower growth over the next year. The report calls for a 1.4% growth in occupancy and a 3.5% growth in daily rates. The combined effect is a 5% year-over-year growth in revenue per available room.

“Economic uncertainty underlines our forecast for the remainder of this year and into 2024,” said Amanda Hite, STR president. “In the third and fourth quarter, we will have positive growth much slower than what we’ve seen in the first half of the year, but still positive for the industry.”

For all the strength in travel, the broad environment is still tenuous. Many economists believe that the outlook for the global economy is weaker than last year and expect higher inflation in most regions across the world. Research also indicates that due to higher prices, travelers are limiting the number of activities and dining experiences they participate in while traveling.

“Recent stress in the banking system and tighter lending standards will add to inflation pressures and produce a relatively mild recession

in the second half of 2023,” said Aran Ryan, director of industry studies at Tourism Economics. “A halting economy will limit gains in lodging demand.” As a result, Tourism Economics anticipates modest growth in room nights sold.

Traveler sentiment in the leisure market remains generally positive. Consumers are eager to travel and explore new destinations despite concerns over increased costs. The business travel segment has shown an increase in the number of smaller meetings, and the frequency of business trips. In addition, remote work opportunities are providing the flexibility to blend leisure and business travel and remote workers seem to enjoy the combination. Global spending by “bleisure” travelers is expected to double by 2027.

In summary, the U.S. travel industry is expected to witness further growth in demand and hotel occupancy levels in 2024. Rates are expected to continue to rise as well, as hotels seek to strike a balance between attracting guests and adjusting to inflationary pressures and increasing operational costs. However, analysts say in many cases, growth is expected to come from higher rates rather than the number of trips. Despite these short-term influences, the long-term case for travel remains strong.

PROJECTED U.S. HOTEL KEY PERFORMANCE METRICS*

| | 2021 Actual | 2022 Actual | 2023 Forecast | 2024 Forecast | 2025 Forecast |
|-------------------------|-------------|-------------|---------------|---------------|---------------|
| Occupancy | 57.6% | 62.6% | 63.5% | 64.4% | 65.3% |
| ADR | \$125 | \$149.06 | \$154.28 | \$159.03 | \$164.27 |
| RevPAR | \$72 | \$93.29 | \$97.95 | \$102.49 | \$107.31 |
| RevPAR Compared to 2019 | -17% | -7.3% | -2.7% | +1.8% | +6.6% |

*STR May 2023 Forecast

LOCAL OUTLOOK

The positive effect that pent-up travel demand had on the Tri-Cities lodging market in 2022 has softened. In addition, significant inflationary pressures are slowing the growth rate in 2023. Despite these factors, year-over-year occupancy levels here have remained consistent to the pre-pandemic levels set in 2022. Over the first six months of 2023, the Tri-Cities lodging sector leads the state in occupancy percentage. At the same time, the increase in revenue per available room (RevPar) over the prior year has risen to the second highest in the state. As we look ahead, economic indicators suggest the leveling trend will continue as we move into 2024.

Meeting and convention travel remains slower across the country and our projections in this segment are consistent with the national trends. A Deloitte analysis released this April revealed the sector’s full recovery might not happen until late 2024 or 2025. It’s probably still too early to definitively say when — or if — business travel might fully recover to pre-pandemic levels, a definitive growth trend in smaller meetings could bode well for us. This year, we’ve seen heightened activity among groups that put a hold on their conventions in recent years. We’ve also seen growth in some of our larger conventions to the point that there is a very real possibility of losing those groups in the

future to destinations with larger facilities. Thus far, our teams have been resourceful enough to maintain most of the existing business. Although we do not anticipate growth in this segment, we expect to maintain current levels in the pipeline with new associations and events.

Competition in the sports market has grown significantly over the past few years. Destinations around the country have seen the value in this demographic and are investing heavily in fields and sports complexes. Recent venue enhancements in the region are creating a competitive advantage in other communities that threatens our success in this category. In Spokane, demand is outpacing projections at The Podium, a 130,000-square-foot indoor sports facility that opened in December of 2021. The new facility provides a variety of new event space that gives the county more flexibility in the type of events it can attract. Sports commissions around the region are aggressively pursuing event organizers with incentives which further stresses growth in this market. Progress on sports related venues in our communities is essential to staying competitive and we will quickly need to address our shortage of large, multi-use sports and event facilities if we are to maintain our position in this category. Due to long established relationships, we continue to attract a significant number of tournaments that will help us keep pace. We've also secured a few exciting signature events including the World Horseshoe Pitching Championships – a two-week event that will bring 1,000 pitchers to the Toyota Arena in 2024 and 2027 as they compete for the World Title. Sports is a key contributor to the success of our hospitality businesses, and we expect it to be a key contributor to our group business in 2024.

Labor shortages continue to stress the travel industry as airlines, hotels, and restaurants continue to search for, develop, and onboard new staff. Despite these challenges and rising interest rates, development continues in the Tri-Cities hospitality scene.

Construction on the new 126 room LivAway Suites is planned to begin in late fall of 2023. This will offset the recent 4.4% reduction in hotel room supply when some older properties converted to short term apartments. Progress on recent developments such as West Village Community Park in Richland, the A Street Sports Complex in Pasco, and 15 new Pickleball Courts at Lawrence Scott Park in Kennewick are helping to improve our hospitality product. In other developments, Quake Family Fun Park is slated to open late summer of 2023. Perch Cantina at Columbia Point is expected to open in May of 2024. Pasco Public Facilities District projects a target opening of the new Aquatic Center in late 2025, and at the airport, the Port of Pasco recently announced that American Airlines will begin new daily flights to Phoenix in February, 2024. The Port also received a \$750,000 grant from the U.S. Department of Transportation to help recruit, initiate, and support potential new air service to Dallas. With a 4.3% growth rate, the Tri-Cities is outpacing Washington state, thanks to job and business development.



2023 PERFORMANCE JANUARY - JUNE*

| | OCC | ADR | RevPar | RevPar vs Prior Year |
|------------|-------|----------|----------|----------------------|
| SEATTLE | 64.2% | \$192.54 | \$123.57 | +16.2% |
| SPOKANE | 60.7% | \$139.47 | \$84.69 | +6.4% |
| TACOMA | 59.1% | \$128.08 | \$75.73 | +6.3% |
| TRI-CITIES | 66.7% | \$121.13 | \$80.77 | +12.4% |
| VANCOUVER | 65.1% | \$131.16 | \$85.38 | +5.2% |
| YAKIMA | 49.7% | \$110.36 | \$54.82 | +1.7% |

*STR June 2022 Destination Report

COMPETITIVE SITUATION ANALYSIS

In order to promote the Tri-Cities as a preferred destination for group, business and leisure travelers, it is important to recognize both the strengths and challenges within our community and to set sales strategies accordingly.

CONVENTION AND SPORTS

Destination Strengths

- Variety of hotels and brands
- Positive relationship between Visit Tri-Cities, hotels and meeting venues
- Three Rivers Convention Center and HAPO Center
- Unique offsite event venues (i.e., wineries, museums, etc.)
- Ample complimentary parking available
- Sports facility infrastructure
- Strong Sports Council
- Opportunity funds available
- Amenities and attractions that appeal to convention groups (i.e., wine experiences, outdoor recreation, etc.)
- Centrally located in the Pacific Northwest and favorable weather conditions

Destination Challenges

- Lack of hotels capable of 150+ room block
- Lack of resort-style hotels with ample meeting space
- Meeting venues with larger meeting space in competing locations
- Limited number of meeting rooms and exhibit space available under one roof
- Number of hotel rooms within walking distance of Convention Center/large facilities
- The number of hotel rooms available to groups due to hotels converting to apartments
- Competing locations have expanded or have plans to expand their Convention Centers
- Lack of sports officials
- Lack of family friendly attractions pending the opening of the Pasco Aquatics Center
- Competing locations have newly developed indoor/outdoor multi-use sports facilities with state-of-the-art amenities
- Distance from I-5 corridor vs. competition

LEISURE TRAVEL

Destination Strengths

- Washington's biggest wine region
- 200+ wineries within a one-hour drive
- Contains 99% of all the wine grapes grown within Washington
- Award winning and prestigious wineries
- Wine Science Center
- The Columbia, Yakima, and Snake rivers provide for ample watersports including boating, fishing, swimming and paddle sports
- Seven riverfront parks
- Relax on and along the river while dining or cruising
- Annual Water Follies event
- Miles of riverfront paths & trails for biking, running, and walking
- Official American World War II Heritage City
- Manhattan Project National Historic Park
- CPCCo Planetarium
- REACH Museum
- Laser Interferometer Gravitational-Wave Observatory (LIGO)
- Professional baseball & hockey
- Annual Benton-Franklin Fair/Rodeo
- Tri-Cities Speedway & car shows
- Six Farmers' Markets
- 300 days of sunshine year round
- Ten golf courses
- Over 30 hiking and mountain bike trails
- 21 recreational parks
- 67 miles of paved pedestrian & bike trail

Destination Challenges

- Heavy weekend traffic on I-90
- Drivers experience snowy winter driving from key drive markets
- Price of airfare/challenges of air travel
- Summer temperatures can be too hot
- Can be very windy
- Cold December & January temperatures can limit outdoor activities
- Perceived lack of family activity
- Weak reputation as a wine-destination vs Walla Walla and Woodinville
- Perceived lack of night life
- Spread out communities and attractions create challenges for active transportation.
- Some attractions have limited accessibility.
- Central gathering places are limited
- Many businesses are closed on Sunday
- There is no real "Downtown" or entertainment district
- Limited shopping options
- Lingering negative perception about Hanford
- The area has an unsophisticated reputation
- It is a desert, no greenery or trees

BUSINESS TRAVEL

Destination Strengths

- Less price sensitive for airfare and hotels
- Mid-week demand compliments weekend and convention groups
- Recently expanded Tri-Cities Airport
- Direct flights from Denver, Salt Lake City, Seattle, Phoenix, San Francisco, Las Vegas, Minneapolis, Los Angeles and Burbank

Destination Challenges

- Destination choice not influenced by sales and marketing efforts
- Mostly mid-week travel
- Popularity of virtual meetings, reducing in-person meetings and travel

GUESTROOM PRODUCTIVITY

| | 2022 ACTUAL | 2023 FORECAST | 2024 GOALS |
|---------------------|----------------|------------------|---------------|
| CONVENTION BOOKINGS | 19,654 | 18,000 | 20,000 |
| SPORTS BOOKINGS | 21,481 | 24,000 | 25,000 |
| TOTAL | 41,135 | 42,000 | 45,000 |

RFP PRODUCTIVITY

| LEADS ISSUED | 2022 | 2023 | 2024 |
|--------------|------|------|------|
| QTR 1 | 40 | 29 | 45* |
| QTR 2 | 44 | 31 | 50* |
| QTR 3 | 39 | 35* | 60* |
| QTR 4 | 67 | 70* | 75* |
| TOTAL | 190 | 165* | 230* |

*Estimated Production



2024 GROUP SALES INITIATIVES

QUARTER 1

JANUARY - MARCH

- Host Sports Planner Customer Event in Portland
- Launch ad campaign on PlayEasy
- Customer Event in Olympia
- Olympia Sales Blitz
- Establish quarterly meeting planner e-newsletter, similar to Your Weekend Starts Here
- MPI Cascadia Conference
- Northwest Event Show
- Launch digital ads targeting MPI attendees
- Launch meeting planner incentive package

QUARTER 2

APRIL - JUNE

- Sports ETA Event Symposium
- E-Sports Conference
- Washington Society for Association Excellence Convention
- Society of Government Meeting Planners event
- Ad campaign targeting WSAE Members
- Launch first time sports event incentive

QUARTER 3

JULY - SEPTEMBER

- Sports Relationship Conference
- Publish Sports Facilities Map
- Host Customer Event for Tri-Cities Sports Council
- Convention and corporate sales mission to Seattle/ Greater Puget Sound Region
- Host Super FAM event for meeting planners

QUARTER 4

OCTOBER - DECEMBER

- TEAMS Conference
- US Sports Conference
- Launch digital ads targeted at TEAMS and US Sports Congress attendees
- Direct mail "Remember Tri-Cities" gift
- Olympia Sales Blitz



MEETINGS & CONVENTIONS



20,000
GUEST ROOMS BOOKED



\$5,250,000
ESTIMATED ECONOMIC IMPACT



\$2,600,000
ESTIMATED DIRECT
HOTEL SPENDING

2024 ACTIONS

SALES BLITZES

Develop two separate multi-day sales blitzes in Spring (Olympia) and Fall (location to be determined).

CUSTOMER EVENTS

Organize meeting planner customer luncheon in the spring to promote the Tri-Cities as a destination. Event to be held in conjunction with Spring Sales Blitz.

MEETING PLANNER FAM TOURS

Host qualified meeting planners for individual and group, customized FAM tours.

RELATIONSHIPS

Continue staff attendance at Washington Society for Association Excellence (WSAE) and Meeting Professionals International (MPI) Washington Chapter and Professional Convention Management Association (PCMA) monthly/quarterly meetings to strengthen relationships with key meeting planners. Staff will continue to serve on the WSAE Convention Planning committee. Staff will continue to serve on industry boards and committees such as WSAE, WTA and SGMP. Renew Diamond Level enhanced listing with Cvent.

ADVERTISING

Digital campaigns of industry tradeshow and site campaigns of meeting professionals by geographic location.

MEETING INCENTIVES

Utilize the opportunity fund specifically to offset costs for new group business and groups that block more than 300 rooms per night city-wide. Create meeting planner incentives and develop a "deals" page outlining any hotel sponsored incentives.

REGIONAL/STATE/NATIONAL CONFERENCES AND TRADESHOWS

Host and attend the Washington Society for Association Excellence (WSAE). In addition, attend Meeting Professionals International (MPI) Cascadia Annual Conferences and the Northwest Event Show. Participate in additional sponsorship opportunities at each of these events for increased exposure.

SKYNAV AND KUULA

Convention sales department will leverage the SkyNAV and Kuula platforms to promote Tri-Cities and meeting venues to convention professionals. The interactive tour highlights points of interest with image galleries, videos and information to assist meeting planners in selecting the Tri-Cities for their events. The tour link will be included with all electronic proposal packets, digital Meeting Planner Guide as well as communications to meeting groups.

CONVENTION SALES PROGRAM TOTAL:

\$80,069

ADVERTISING

- MPI site retargeting campaign: \$9,350 (Jan)
- Cvent Diamond Listing: \$10,400 (Sept)
- Digital targeting campaigns of industry tradeshow: \$6,000 (\$500 per month)
- Cvent retargeting campaigns: \$12,000 (April)

Total: \$37,750

TRAVEL

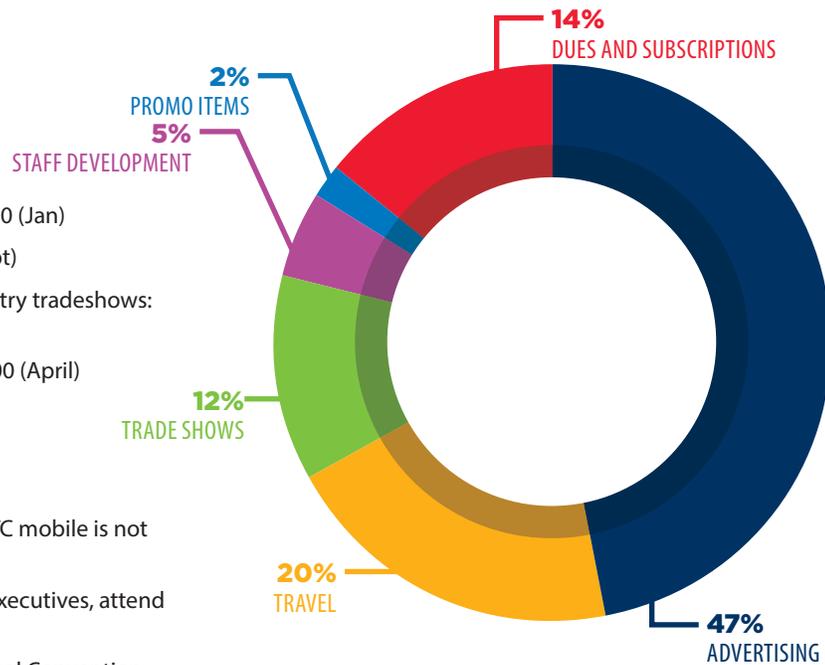
- Mileage for site inspections when VTC mobile is not available: \$480 (\$40 per month)
- Washington Society of Association Executives, attend one association meeting: \$500 (Oct)
- Meeting Planners International Annual Convention: \$600 (March)
- Olympia Spring Sales Blitz: \$2,500 (March) (\$500 per staff x 5)
- Fall Sales Blitz: \$2,000 (Oct) (\$500 per staff x 4)
- Continuing education courses: \$8,000 (March and July) (\$2,000 per session per staff member x 4)
- Society of Government Meeting Professionals Winter Workshop: \$300 (Feb)
- Northwest Event Show: \$2,000 (Jan) (\$1,000 per staff x 2)

Total: \$16,080

TRADE SHOWS

- Meeting Planners International (MPI) registration for hosted buyer program: \$1,100 (Jan)
- MPI Conference Sponsorship: \$1,000 (Feb)
- Washington Society for Association Excellence Conference Registration: \$450 (May)
- WSAE Conference Sponsorship: \$1,775 (May)
- National trade show targeted at meeting planners, travel media and travel advisors: \$1,000 (March)
- Northwest Event Show booth registration: \$4,000 (Sept)

Total: \$9,325



STAFF DEVELOPMENT

- Continuing Education Training Courses: \$4,000 (Feb, March, July) (\$1,000 registration per staff x 4)

Total: \$4,000

PROMO ITEMS

- Amenities: \$800 (Feb: \$400 and Aug: \$400)
- Logo'd items: \$700 (Feb: \$350 and Aug: \$350)

Total: \$1,500

DUES AND SUBSCRIPTIONS

- WSAE Sapphire Level Sponsorship: \$2,550 (Jan)
- WSAE dues: \$690 (June) (\$345 per staff x 2)
- Meeting Planners International: \$495 (Dec)
- Society of Government Meeting Professionals: \$400 (April)
- Professional Conference Management Association: \$485 (Nov)
- National Tour Association: \$700 (Feb)
- Religious Conference Management Association Dues: \$195 (July)
- Military Reunion Network: \$699 (May)
- DI MINT subscription: \$5,200 (Jan)

Total: \$11,414

SPORTS AND TOURNAMENTS



25,000
GUEST ROOMS BOOKED



\$7,187,500
ESTIMATED ECONOMIC IMPACT



\$3,125,000
ESTIMATED DIRECT
HOTEL SPENDING

2024 ACTIONS

SPORTS COUNCIL

Organize and administer activities for the Tri-Cities Sports Council.

ADVERTISING

Place print and digital advertising as appropriate in publications such as: Sports Events, Sports Destination Management and Sports Planning Guide.

SALES BLITZ

Conduct sales calls in the Portland or Seattle metropolitan areas in February.

PROMOTE RESOURCES

Update the sports facilities guide, provide e-version and QR code links for consumer access.

VIRTUAL TOURS

SkyNav and Kuula tour links will be promoted in our communications to sports groups. SkyNav and Kuula allows tournament directors to experience the Tri-Cities virtually and the ability to see first-hand the venues, amenities, attractions and accommodations that would be available to their teams. The interactive tours highlight points of interest with image galleries, videos and information to aid tournament directors in understanding the advantages of selecting the Tri-Cities.

OPPORTUNITY FUND

Utilize the opportunity fund specifically to offset tournament costs for groups that block more than 300 rooms per night city-wide.

TRADESHOWS

Promote the Tri-Cities as a premier sports destination at National Tradeshow Events such as TEAMS, S.P.O.R.T.S. Relationship, US Sports Congress and Sports ETA.

CUSTOMER EVENTS

Sponsor event at annual national sports tradeshows, such as TEAMS and Sports ETA Symposium. In addition, host customer event luncheon in conjunction with the Sales Blitz in February.

BIDDING FEES

Bid on new regional/national level tournaments that demand bidding fees to host events.

NEW BUSINESS

With the completion and enhancement of facilities in the Tri-Cities, staff will focus on pursuing major tournaments and signature events.

SPORTS PROGRAM

TOTAL:

\$142,385

ADVERTISING

- Miscellaneous ads to support tournaments: \$925 (Jan: \$100, March: \$150, May: \$325, Nov: \$200, Dec: \$150)
- Sports Events Magazine featured listing: \$2,000 (Dec)
- Sports Planning Guide site inspection feature: \$2,000 (July)
- Playeasy platform destination spotlight: \$3,250
- Printed Sports Facilities Map: \$600 (Jun)

Total: \$8,775

BID FEES AND EVENT SUPPORT

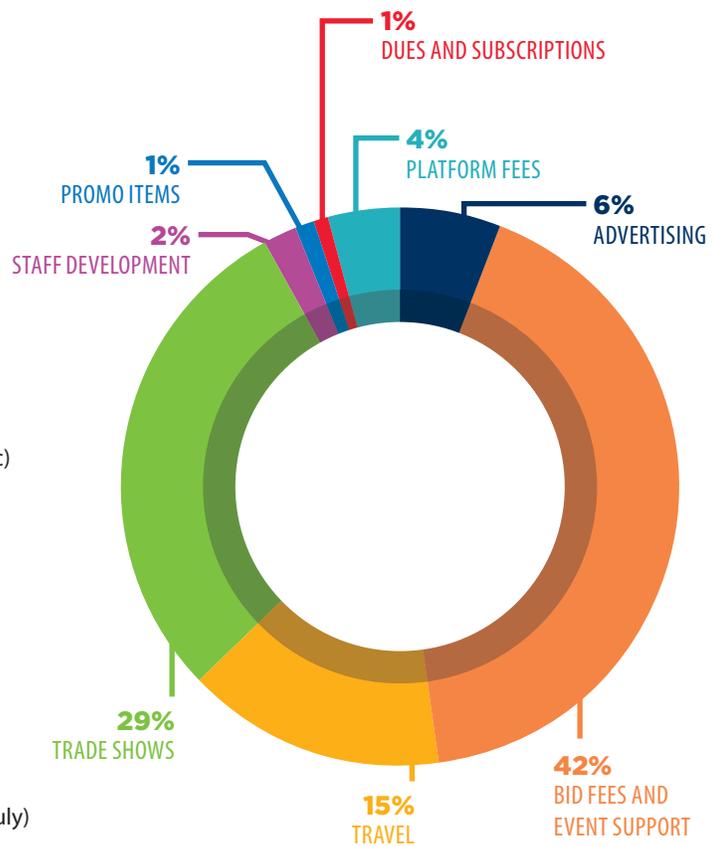
- USTA Tennis Championships: \$5,000 (Aug)
- National Horseshoe Pitchers Association: \$28,000 (July)
- B.A.S.S. Nation: \$15,000 (Aug)
- Tri-City Water Follies: \$10,000 (Aug)

Total: \$58,000

TRAVEL

- Sports ETA Symposium: \$4,875 (May) (\$1,625 per staff x 3)
- TEAMS Conference: \$3,490 (Oct) (\$1,745 per staff x 2)
- S.P.O.R.T.S - Relationship Conference: \$1,745 (Sept)
- US Sports Congress: \$1,800 (Dec)
- EsportsTravel Summit: \$1,490 (June)
- Sports Sales Blitz/Customer Event: \$1,680 (\$560 per staff x 3)
- Staff development, continuing education travel: \$6,000 (May and July) (\$2,000 per staff x 3)
- Mileage for site inspections when VTC mobile is not available: \$300 (\$25 per month)

Total: \$21,380



TRADE SHOWS

- TEAMS Conference: \$13,500 (Feb) (two staff members: \$3,500, TEAMS Conference sponsorship: \$10,000)
- EsportsTravel Summit registration: \$3,000 (Feb)
- S.P.O.R.T.S Relationship Conference: \$8,000 (March) (registration: \$1,500, sponsorship: \$6,500)
- Sports ETA Symposium: \$14,185 (Dec) (registration for three staff members: \$4,185, sponsorship: \$10,000)
- US Sports Congress registration: \$3,150 (April)

Total: \$41,835

STAFF DEVELOPMENT

- Continuing Education Training Courses: \$2,000 (May and July) (\$1,000 registration per staff x 3)

Total: \$3,000

PROMO ITEMS

- Sports Amenities: \$1,200 (April: \$600 and Sept: \$600)

Total: \$1,200

DUES AND SUBSCRIPTIONS

- Sports ETA Membership: \$1,195 (Dec)

Total: \$1,195

PLATFORM FEES

- Playeasy Digital Platform: \$5,000 (March)

Total: \$5,000

TOURISM DEVELOPMENT

2024 ACTIONS

WEBSITE

Website navigation, layout, and user experience is being revamped through updated design and thoughtful content management to keep the vast amount of curated information and resources on the site relevant and accessible to users.

PROMOTE THE DESTINATION

Promote increased leisure travel through development of a cohesive year-long campaign targeting wine aficionados, foodies, golfers, outdoor adventurers, multi-generational families and STEM enthusiasts. The campaigns will be geographically focused on metropolitan areas that are within a 300-mile radius of the Tri-Cities, primarily the Puget Sound and Greater Spokane.

TRAVEL TRADE SHOWS

Target wine enthusiasts at consumer-focused wine and food events such as Taste Washington to increase destination awareness as a world-class wine region.

MATERIALS

Develop compelling marketing materials including, but not limited to, Official Tri-Cities Visitor Guide and wine map. Publications will be available online as many visitors access information digitally, and consumers are increasingly aware of environmental impacts and concerns of public health. Additionally, digital publications may be updated at-will, which benefits the visitor as well as tourism-based businesses and attractions.

ADVERTISE

Digital and social media advertising are the primary marketing tactics, with complementing print and broadcast advertising campaigns. The advertising budget calls for a flexibility in target not only seasonal needs but to reach a targeted audience that is most likely to visit the Tri-Cities.

SOCIAL MEDIA

Organic content on social media is rapidly changing with the shifting landscape of various platforms. To stay relevant and ahead of the curve, strategies and content are continually being developed using tools and insights to ensure audiences are both reached and engaged.

TECHNOLOGY

We will continue to lead the industry in technology and improve visitor experience by investing in programs and platforms:

- TrueOmni Digital Kiosks; touchscreen information centers with itinerary builders.
- SkyNav; virtual 360 tours of community attractions
- Kuula; virtual site inspections for meeting and sports facilities.
- Industry Dashboard; a custom interface designed to provide board members, stakeholders, partners, and employees a comprehensive look at the performance of tourism in our region.
- Sprout Social; comprehensive tool to plan, deploy, and analyze assets on all social media platforms.

TRI-CITIES WINE TOURISM COUNCIL

Visit Tri-Cities is reconvening the Wine Tourism Council to provide a catalyst for leadership, visioning, and collaboration of our tourism and wine partners to elevate the wine and vineyard experiences in our region.

PACKAGES

Work with member hotels to showcase their existing packages to travel media and on the Visit Tri-Cities website.

SEGMENTED CONSUMER NEWSLETTERS

User generated content on the website and social media channels will be supplemented seasonal consumer newsletters targeted to interest groups (outdoor recreation, wine, science) to compel readers to plan leisure travel to the region.

TRI-IDEAS

Visit Tri-Cities will continue to highlight, share and celebrate the diversity of the Tri-Cities that can be experienced through travel and tourism activities.

TOURISM DEVELOPMENT TOTAL:

\$563,157

ADVERTISING

- WTA State Official Visitor Guide: \$7,500 (Jan) (Remainder Paid by Hotel-Motel Tax)
- Cohesive multi-channel campaign to include a mix of digital and social ads targeting leisure travelers in the geographic markets of the Puget Sound region and Greater Spokane: \$400,000 (\$47,000 Jan/Feb/March, \$165,000 Apr/May/June, \$145,000 July/Aug/Sept, \$43,000 Oct/Nov/Dec)
- Sprout Social Social Media Advertising and Management: \$12,200
- Visit Tri-Cities Visitor Guide Enhancements: \$30,000

Total: \$449,700

TRAVEL

- Tri-Cities Wine Tourism Council: \$1,600 (Mar) (\$800 per staff member)
- Spokane Golf Show: \$1,600 (Oct) (\$800 per staff x2)
- Continuing Education Courses: \$8,000 (Feb, Mar, May and Jun) (\$2,000 per staff x4)

Total: \$11,200

TRADE SHOWS

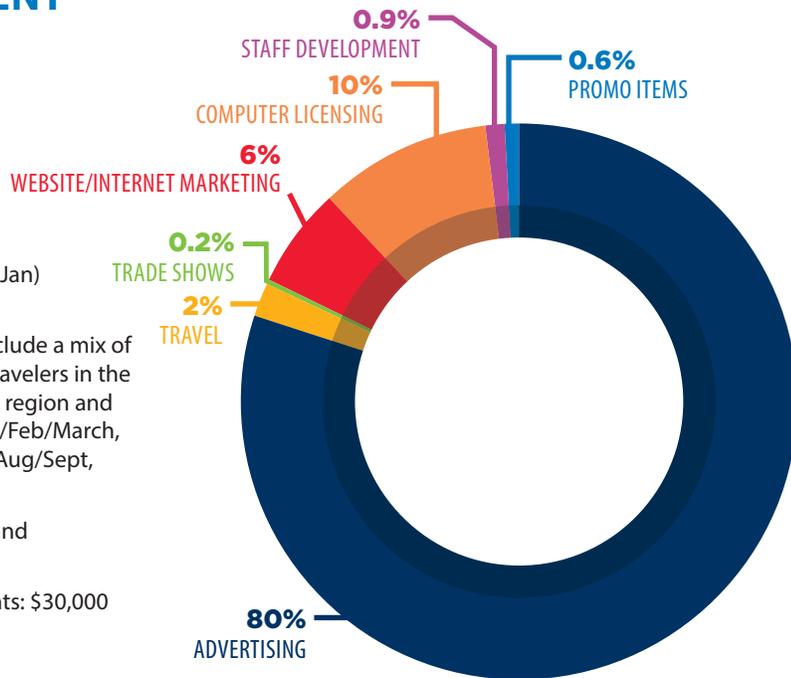
- Taste Washington (Design, registration and marketing campaign paid for by TPA reserve funds)
- Spokane Golf & Travel Show exhibit fees: \$1,300 (Oct)

Total: \$1,300

WEBSITE/INTERNET MARKETING

- Invest in Search Engine Optimization for website: SEO Package: \$36,000 (\$9,000 a quarter - Jan, Apr, July, Oct)

Total: \$36,000



COMPUTER LICENSING FEE:

- Website Hosting Fee: \$20,400 annually (\$6,250 per quarter - Mar, June, Sept, Dec)
- iDSS: \$13,500 (\$3,375 per quarter - Mar, Jun, Sept, Dec)
- Proposal Path/Blue Buzzard: \$1,560 (\$130 monthly)
- Brandfolder: \$11,550 (May: \$5,775 and Nov: \$5,775)
- Marketing and Creative Platforms: \$5,247 Annually (\$438/monthly)

Total: \$55,657

STAFF DEVELOPMENT

- Continuing Education Training Courses: \$6,000 (Jan, Feb, May and Jun) (\$1,500 registration per staff x4)

Total: \$6,000

PROMO ITEMS

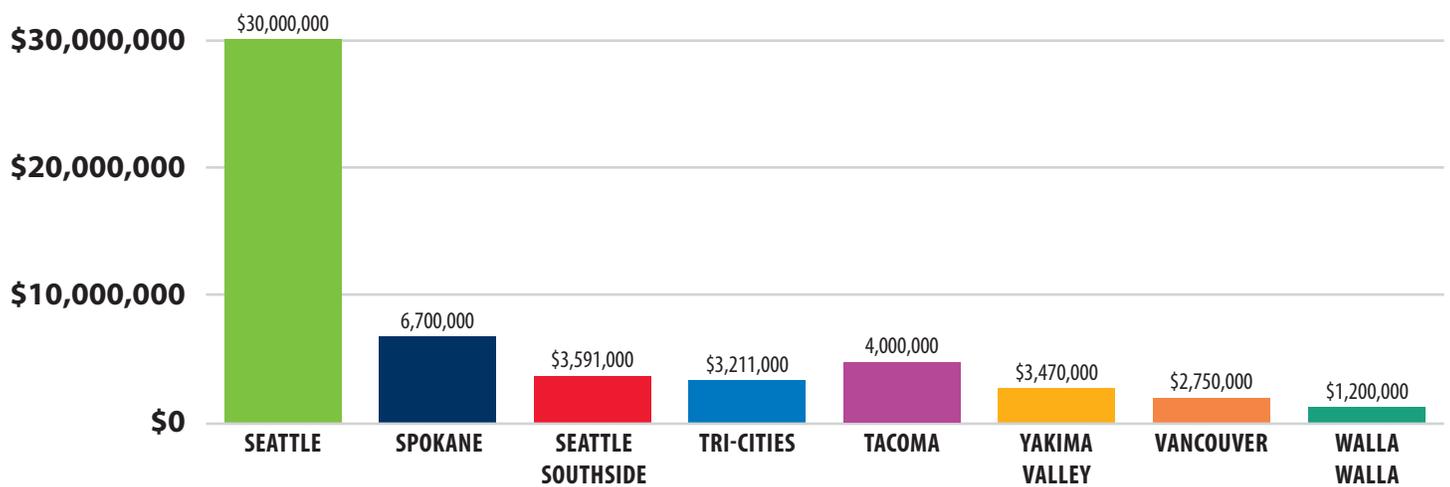
- Registration Bags: \$1,300 (Feb)
- Logo'd Swag: \$2,000 (Apr and Aug)

Total: \$3,300

DESTINATION MARKETING ORGANIZATION (DMO) FUNDING COMPARATIVE

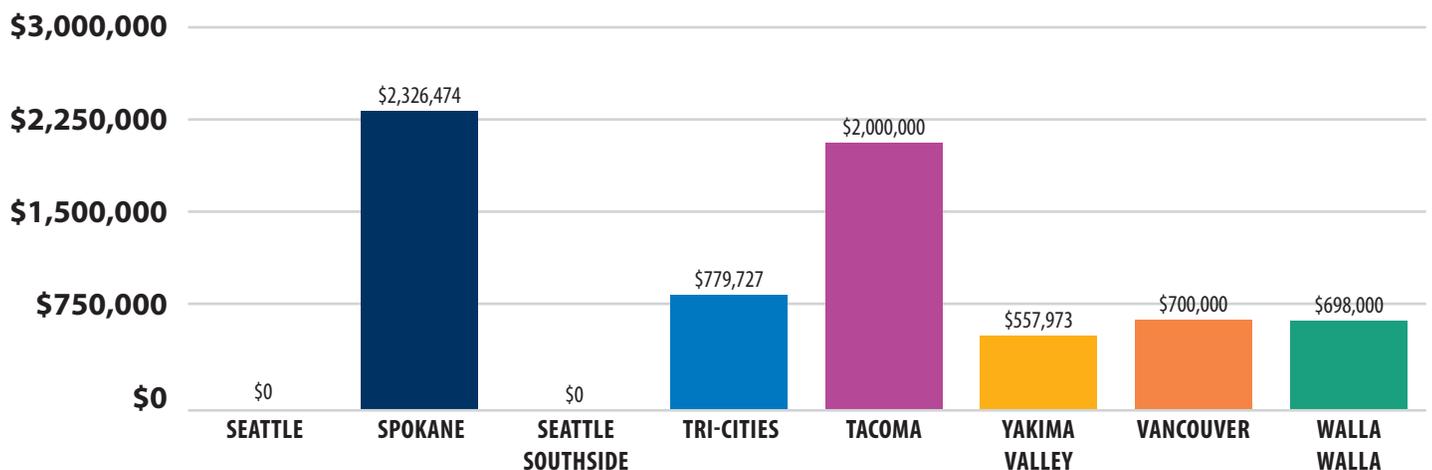
OVERALL BUDGET

The following chart provides historical look at a total budget comparative (including Hotel Motel Tax, Membership Investments and Tourism Promotion Assessment) in key competitive markets.



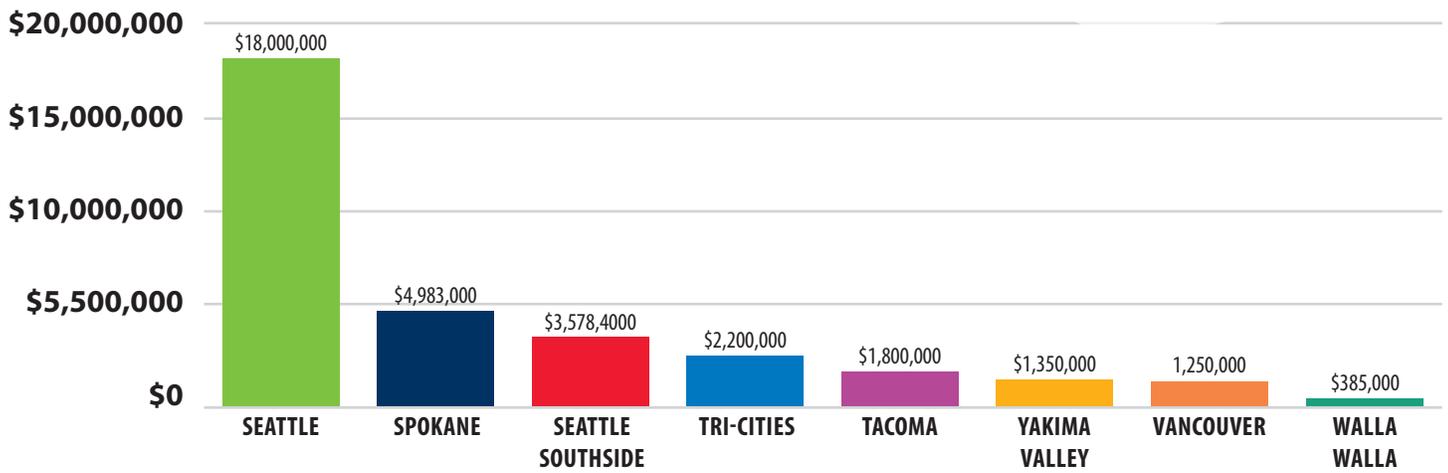
HOTEL-MOTEL TAX INVESTMENTS

The following chart provides historical look at hotel-motel tax investments in key competitive markets.



TPA BUDGET

The following chart provides historical look at a tourism promotion assessments in key competitive markets.



DESTINATION MARKETING ORGANIZATION (DMO) FUNDING COMPARATIVE

The following chart provides historical look at a total budget comparative (including Hotel-Motel Tax, Membership Investments and Tourism Promotion Assessment) in key competitive markets.

| COMPETING CITY | DMO BUDGET | NUMBER OF HOTEL ROOMS | \$ SPENT PER ROOM |
|-------------------------------------|--------------|-----------------------|-------------------|
| Visit Seattle | \$30,000,000 | 15,662 | \$1,915 |
| Visit Spokane & Sports Commission | \$6,700,000 | 5,499 | \$1,218 |
| Travel Tacoma | \$4,000,000 | 7,000 | \$571 |
| Seattle Southside Tourism Authority | \$3,591,000 | 9,394 | \$382 |
| Visit Tri-Cities | \$3,211,000 | 3,670 | \$875 |
| Yakima Valley Tourism | \$3,470,000 | 3,908 | \$704 |
| Visit Vancouver USA | \$2,750,000 | 3,665 | \$546 |
| Walla Walla Tourism | \$1,200,000 | 991 | \$1,211 |

The following chart provides historical look at hotel-motel tax investments in key competitive markets.

| COMPETING CITY | HOTEL-MOTEL TAX | NUMBER OF HOTEL ROOMS | \$ SPENT PER ROOM |
|------------------------------------|-----------------|-----------------------|-------------------|
| Visit Spokane & Sports Commission | \$2,326,474 | 5,499 | \$423 |
| Travel Tacoma | \$2,000,000 | 7,000 | \$286 |
| Visit Tri-Cities | \$779,727 | 3,670 | \$212 |
| Visit Vancouver, USA | \$700,000 | 3,665 | \$191 |
| Walla Walla Tourism | \$698,000 | 991 | \$704 |
| Yakima Valley Tourism | \$557,973 | 3,908 | \$143 |
| Visit Seattle | \$0 | 15,662 | \$0 |
| Seattle Southside Travel Authority | \$0 | 9,394 | \$0 |

The following chart provides historical look at a tourism promotion assessments in key competitive markets.

| COMPETING CITY | TPA | NUMBER OF HOTEL ROOMS | \$ SPENT PER ROOM |
|-------------------------------------|--------------|-----------------------|-------------------|
| Visit Seattle | \$18,000,000 | 15,662 | \$1,149 |
| Visit Spokane & Sports Commission | \$4,983,000 | 5,499 | \$906 |
| Seattle Southside Tourism Authority | \$3,578,400 | 9,394 | \$381 |
| Visit Tri-Cities | \$2,200,000 | 3,670 | \$599 |
| Travel Tacoma | \$1,800,000 | 7,000 | \$257 |
| Yakima Valley Tourism | \$1,350,000 | 3,908 | \$345 |
| Visit Vancouver USA | \$1,250,000 | 3,665 | \$341 |
| Walla Walla Tourism | \$385,000 | 991 | \$389 |

VISIT TRI-CITIES 2024 TPA BUDGET

| REVENUE | | 2023 BUDGET | 2023 FORECAST | | 2024 PROJECTED BUDGET | | VARIANCE TO 2023 BUDGET | VARIANCE TO 2023 F/C |
|---------|-------------------|-------------|---------------|--|-----------------------|--|-------------------------|----------------------|
| | City of Kennewick | \$881,500 | \$923,469 | | \$899,800 | | 18,300 | \$(23,669) |
| | City of Richland | \$738,000 | \$753,653 | | \$728,200 | | -9,800 | \$(25,453) |
| | City of Pasco | \$430,500 | \$587,244 | | \$572,000 | | 141,500 | \$(15,244) |
| 1000 | Total Revenues: | \$2,050,000 | \$2,264,366 | | \$2,200,000 | | 150,000 | \$(64,366) |

| EXPENSES | | 2023 BUDGET | 2023 FORECAST | | 2024 PROJECTED BUDGET | | VARIANCE TO 2023 BUDGET | VARIANCE TO 2023 F/C |
|----------|--------------------------|--------------|---------------|--|-----------------------|--|-------------------------|----------------------|
| 5010 | Salaries | \$744,811.00 | \$716,499 | | \$830,438 | | \$85,627 | \$113,939 |
| 5012 | 401k | \$38,741.00 | \$28,833 | | \$41,650 | | \$2,909 | \$12,817 |
| 5015 | Health Insurance | \$137,688.00 | \$110,601 | | \$145,452 | | \$7,764 | \$34,851 |
| 5030 | Payroll Taxes | \$75,157.00 | \$75,157 | | \$86,000 | | \$10,843 | \$10,843 |
| 5035 | Accounting Services | \$24,747.00 | \$24,744 | | \$25,747 | | \$1,000 | \$1,003 |
| 5050 | Telephone & Toll free | \$7,000.00 | \$6,506 | | \$7,200 | | \$200 | \$694 |
| 5060 | Office Expense | \$9,000.00 | \$8,358 | | \$9,000 | | \$0 | \$642 |
| 5070 | Office Insurance | \$6,000.00 | \$6,850 | | \$7,000 | | \$1,000 | \$150 |
| 5080 | Postage | \$3,000.00 | \$3,179 | | \$3,500 | | \$500 | \$321 |
| 5090 | Equipment Upkeep | \$20,000.00 | \$16,750 | | \$20,000 | | \$0 | \$3,250 |
| 5092 | Visit Mobile | \$3,600.00 | \$4,181 | | \$4,500 | | \$900 | \$319 |
| 5095 | Capital Expenditures | \$15,000.00 | \$10,479 | | \$15,000 | | \$0 | \$4,521 |
| 5100 | Office Rent | \$45,500.00 | \$42,893 | | \$45,000 | | \$-500 | \$2,107 |
| 5105 | Legal/Professional | \$2,500.00 | \$1,150 | | \$2,500 | | \$0 | \$1,350 |
| 5110 | Dues & Subscriptions | \$7,200.00 | \$7,000 | | \$12,609 | | \$5,409 | \$5,609 |
| 5112 | Platform Fees | \$61,000.00 | \$41,761 | | \$60,657 | | \$-343 | \$18,896 |
| 5115 | Computer Licensing Fee | \$37,000.00 | \$38,003 | | \$37,000 | | \$0 | \$(1,003) |
| 5225 | Website Maintenance | \$38,000.00 | \$36,838 | | \$38,000 | | \$0 | \$1,162 |
| 5230 | Training | \$11,000.00 | \$8,991 | | \$13,000 | | \$2,000 | \$4,009 |
| 5290 | Advertising/Marketing | \$512,056.00 | \$493,250 | | \$521,427 | | \$9,371 | \$28,177 |
| 5300 | Promo Items * | \$6,000.00 | \$5,000 | | \$5,800 | | \$-200 | \$800 |
| 5310 | Bid Fees & Event Support | \$25,000.00 | \$25,000 | | \$58,000 | | \$33,000 | \$33,000 |
| 5315 | Travel | \$25,000.00 | \$17,981 | | \$48,960 | | \$23,960 | \$30,979 |
| 5317 | Trade Shows | \$45,000.00 | \$39,719 | | \$51,560 | | \$6,560 | \$11,841 |
| 5500 | Opportunity Fund | \$120,000.00 | \$88,500 | | \$110,000 | | \$-10,000 | \$21,500 |
| | Total Expenses | \$2,050,000 | \$1,858,223 | | \$2,200,000 | | | |



Visit 
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VisitTri-Cities.com

September 28, 2023

Ms. Marie Mosley
City of Kennewick
P.O. Box 6108
Kennewick, WA 99336

Dear Ms. Mosley,

On behalf of the Tri-City Regional Hotel-Motel Commission, we are pleased to present the 2024 Tri-City Regional Hotel-Motel Commission Budget and Marketing Plan and Tourism Promotion Area reserve funds request for approval by the Kennewick City Council.

Each year Visit Tri-Cities prepares a budget and marketing plan for the Tri-City Regional Hotel-Motel Commission, detailing projected revenues and expenses for the programs supported by the funds collected from the Tourism Promotion Assessment (TPA). As outlined in the *Interlocal Cooperation Agreement for Establishment of the Tri-City Regional Tourism Promotion Area*, the Commission's suggested Tri-City Regional Hotel-Motel Commission Budget and Marketing Plan is due to the each of the cities by no later than October 1st of each year. Following that, it needs to be presented to the City Council for approval.

In addition, Visit Tri-Cities with the approval of the Tri-City Regional Hotel-Motel Commission would like to request the transfer of \$225,000 from Tourism Promotion Area Reserve Account to be reinvested in tourism marketing projects.

As a result of careful resource management and conservative budgeting, our TPA reserve account currently has \$767,052 in funds available for reinvestment. These funds are in addition to the minimum reserve requirement of \$500,000. The minimum balance was determined by the City Managers who participate at Commission meetings as Ex-Officios. It is the Commission's position that once the reserve account reaches \$500,000, any additional funds should actively be used to promote the Tri Cities as a destination, creating increased visitor spending in the community. In addition, capital investments and funding for destination development are often included in reserve requests. The projects under consideration this year accomplish these goals and include the restructuring of digital marketing programs and support to secure signature sports events.

The 2024 Budget and Marketing Plan and the reinvestment of \$225,000 of the surplus revenues received the unanimous support of the Commissioners present at the September 21, 2023 commission



meeting. The 2024 Budget and Marketing Plan and a summary of the projects and associated expenditures are attached for your review.

I am very much looking forward to presenting the particulars of the Plan and reserve request projects with the City Council on Tuesday, October 10, 2023. Thank you for your ongoing support of the Tri-City Regional Tourism Promotion Area. It has been an extremely successful regional collaboration that has greatly enhanced Visit Tri-Cities' destination marketing efforts for the Tri-Cities.

Sincerely,

Kevin Lewis
President & CEO

Enclosures

Fall 2023 Proposed TPA Reserve Investments

Restructure of Digital Marketing Programs

\$125,000

Visit Tri-Cities Marketing and Creative Services Team is reworking all of the destination's strategic messaging to streamline the visitor decision making funnel and ensure the visitor's journey results in increased visitation and spending to the Tri-Cities. With the laser focused digital marketing tactics available today, a revamp of the VTC website, visitor guide and marketing collateral are essential to inspire and guide the visitor decision making process. All digital assets will be impacted with the restructuring of marketing communication programs that celebrate our key destination drivers and motivate action.

Support for Signature Sports Events

\$100,000

Visit Tri-Cities has secured the National Horseshow Pitchers Association World Tournament for two years and is continuing to work with signature groups such as IRONMAN. As we host events on a national and international level, additional financial, operational and logistical resources are needed to support event requirements and take advantage of new opportunities for publicity and exposure. These types of events increase our visibility and credibility on a national scale and will open opportunities for the Tri-Cities to be considered for new, large-scale events. This funding will contribute to the overall success of the events and help increase visitation, participant satisfaction, economic impact and community awareness. As we extend our reach to capitalize on these new opportunities, we'll utilize this funding to exceed expectations and ensure ongoing success.

\$225,000