



Oregon Tourism Commission Briefing

October 14, 2019

The Gorge Pavilion
395 SW Portage Rd.
Cascade Locks, OR 97014

Commissioners present include: Scott Youngblood, Kenji Sugahara, Nigel Francisco, Richard Boyles, Don Anway, Maria Ponzi, Mia Sheppard, Greg Willitts, with Lucinda DiNovo joining by phone.

Chair Youngblood calls the Commission briefing to order at 1:30 p.m. and welcomes the Commission, staff and guests to Cascade Locks.

Chair Youngblood asks the three new Commissioners to introduce themselves:

- Lucinda DiNovo, Director of Sales and Marketing Mill Casino Resort & RV Park
- Mia Sheppard, Juniper River Adventures & Little Creek Outfitters
- Greg Willitts, FivePine Lodge

Discussion of Proposed 2019-21 Budget Modification

Todd Davidson states that at the June 11, 2019 Commission meeting in Joseph, Oregon, the Commission adopted a 2019-21 budget of \$78,540,000. As was discussed and is cited in the minutes from that meeting, following the close of the biennium any resulting adjustment needed would be brought forward at this meeting for Commission Action. I'd like to bring Jeff Hampton, VP of Operations and Kathleen Stewart, Comptroller to walk us through the proposed biennium budget changes. There will be an ask of the Commission at tomorrow's meeting to seek action on \$3,256,783 of unanticipated revenue.

Jeff Hampton and Kathleen Stewart walk the Commission through a PowerPoint of the proposed 2019-21 budget modification.

Commissioner Willitts asks what the budget shortfall will be with the sunset of the 1.8% transient lodging tax (TLT) in 2020.

Jeff explains that a \$6 million change in revenues is anticipated which is why a portion of the unanticipated revenue is currently being placed into our reserve account. Discusses that a TLT change will also affect the grants and RCTP funds distributed.

Commissioner Anway asks if the grant dollars (\$325,678) will be distributed as normal.

Jeff confirms that the \$325,678 will go into the overall grant program for distribution.

Commissioner Ponzi asks what the Immediate Opportunity Fund (IOF) is?

Todd states that it is a fund set up to hold money which is then used for opportunities that arise and can be implemented without needing to come back to the Commission for additional budgetary approval.

Research Updates

Todd Davidson discusses that there are several programs from our Strategic Plan where an update to the Commission was appropriate.

- **Destination Management Situational Tool** – Andrew Grossmann, Destination Development Manager and Ladan Ghahramani, Marketing Research Analyst will discuss the development of this tool to help monitor high-use destinations and develop world-class experiences in gap areas.
- **Development of Seasonality Index** – Ladan Ghahramani, Marketing Research Analyst will review this large body of research work she has been working on.
- **Transient Lodging Tax Research** – Sara Morrissey, Public Affairs Manager will join Ladan to review the results of this project.

Destination Management Situational Tool

Andrew Grossmann presents the Commission with a PowerPoint overview of the Destination Management Situational Tool that has been developed to help monitor high-use destinations and develop world-class experiences in gap areas.

Ladan Ghahramani continues with the PowerPoint and presents the Commission with some of the findings of the Destination Management Situational Tool comparing results from a recent industry partner survey and a resident sentiment survey completed by Oregon State University (OSU):

- Congestion issues are a high priority to our industry and residential partners – specifically to the coast and Bend

Commissioner Sugahara asks about the congestion data sets and if there is additional data that could be accessed by Waze to find out if this data is correct or even narrow down peak congestion to time of day, or day of week.

Andrew explains that the initial goal of this project was to develop a methodology to find out if congestion assumptions were correct.

Ladan states that this is only perception data so far, but that we are planning to look at real time data to help populate the map in future.

Chair Youngblood asks if there is a target sample size for industry and residents that needs to be achieved to validate the data.

Ladan explains that there needs to be at least 30 responses per survey question per zip code to validate the data in the resident sentiment survey. There are additional factors for tourism regions that need to be considered including which zip codes in the regions the responses were from.

Commissioner Francisco asks if there has been differentiation between roads or trails or activity that seems to be causing/affecting the data.

Ladan states that depth of data hasn't been looked at yet.

Andrew explains that results can be difficult to narrow down, but there is great excitement for the methodology and baseline as we move forward with how to capture data. Discusses lessons learned from this initial project:

- Development of replicable methodology
- How to improve survey designs
- Validate previous assumptions
- New way to digest data and make informed decisions

Commissioner Sheppard asks if additional surveys will be done.

Discussion that there are a couple surveys being created including the Oregon Workforce Analysis.

Commissioner Sugahara states how excited he is to see this kind of data.

Andrew states there is also discussion and processes planned to look at high-use and gap-areas as well as hot spots to help inform future work.

Commissioner Anway asks how visitors are being surveyed.

Andrew states that there is no visitor data yet, but that the current data is from the industry's interaction with visitors.

Commissioner Anway asks how we plan to survey visitors.

Ladan states that we hope to do a visitor survey in the future.

Commissioner Anway states that it would be interesting to do a visitor survey because we are seeing, specifically at Crater Lake, guests stating that the park is at, or over capacity.

Commission discussion regarding additional industry surveys that include a larger data pool, hearing from our partners and relying on them to tell us what they are hearing.

Commissioner Sugahara states that utilizing other state partners like the Oregon Outdoor Recreation Network could also be helpful.

Andrew states that he agrees having visitor data would be helpful and states that this is just the start of data visualization. Other partners will be asked for data which will help tell the larger story.

Chair Youngblood clarifies that the questions regarding this project should be taken as enthusiasm for "what could be" given that we are the first state in data in this way. The work coming out of our destination management work is amazing to explore and on the forefront of anything happening elsewhere.

Development of Seasonality Index

Ladan Ghahramani presents the Commission with a PowerPoint presentation discussing the findings of the Seasonality Index.

Commissioner Francisco states that there are some destinations where seasonality actually works for them due to not having the workforce available during those shoulder seasons.

Ladan asks what drives seasonality for those locations?

Commissioner Francisco states that he's not sure if since there isn't enough staff, they can't support the season or vice versa.

Ladan states that being able to predict this kind of seasonality and what drives it, can help areas be able to support their businesses.

Todd discusses that this index along with the other research we are engaging in, shows that we can't fix what we don't understand, so our first step of understanding these issues and the factors that contribute to them is helpful.

Commissioner Ponzi states that population and weather patterns could also be factors affecting the index.

Commissioner Anway states that wildfires could be another factor.

Commissioner Sugahara asks if we are the only state to use artificial intelligence (AI) to look at this data.

Commission discussion regarding that other states and countries are also using this kind of data to predict their seasonality.

Ladan states that AI is really interesting, and she's interested to see future results.

Transient Lodging Tax (TLT) Research

Sara Morrissey, Public Affairs Manager provides the Commission with a PowerPoint presentation on the results of a recent Local Transient Lodging tax survey.

Commissioner Francisco asks about the "Other" category of the expenditure by program slide.

Sara clarifies that it is anything that doesn't fall into the other 8 categories (slide 13).

Chair Youngblood asks for a refresher on the 70/30 TLT rule.

Sara provides an example of the 70/30 rule using Portland: Portland had a transient lodging tax pre-2003, and that split has been grandfathered. So the city collects a 6% lodging tax of which 5% goes to the city's general fund and 1% goes towards 'tourism programs / development' (which the city currently directs to Travel Portland. The city cannot decrease their existing 1% tax towards 'tourism programs / development'. If the city raises their tax rate to 7%, that additional 1% would need to adhere to the 70/30 split, with would mean that 70% of the 1% tax would go towards tourism programs / development and the remaining 30% of the 1% tax could go to any use that the city wants (e.g. general fund).

Since 2003, 42% of the participating jurisdictions changed their TLT rate. Since 2007, another 5% of participating jurisdictions changed their tax rate. In every instance of a rate change, with the exception of Reedsport, the jurisdiction *increased* their tax rates.

Chair Youngblood states that clarity regarding statutory authorization is important to understand because of the good use it can have on our industry.

Sara explains that we found from ECONorthwest / Travel Oregon's 2008 local transient lodging tax study, there is a perception that the TLT funds only go to marketing and promotion efforts. However, about 84% of local TLT expenditures were in the following categories: general services (36%), tourism facilities (27%), and tourism promotion and marketing (21%). Spending increased in all categories, except economic development which declined by about \$141,000. The hope is that with this new study, it will demonstrate the amount of TLT funding that is currently going towards jurisdiction's general services (law enforcement, other public safety, parks, road maintenance, library services, and other services) and that it's not just being utilized for marketing and promotion. The study will also show the different kinds of programming local jurisdictions are able to access because of the tax – investments in tourism related facilities, promotion and general services providing a broader perspective of what those funds can be used for.

Commissioner Sugahara asks if “tourism related facilities” are defined.

Sara states that in statute – tourism related facilities are defined as having “a substantial purpose of supporting tourism or accommodating tourist activities.” She explains that it can be a gray area, when a region is looking at funding a new park within an established neighborhood, because likely it's not drawing a “tourist” beyond 50 miles away.

Commissioner Boyles asks how these survey responses were gathered and explains that for TLT funds, once they are distributed it can be hard to find the purpose for which they were used.

Sara states that some jurisdictions track and expend TLT dollars differently and it can be hard to track the uses.

Commissioner Boyles states that from his experience, there can be some confusion as to gathering and using the funds.

Commissioner Sugahara asks regarding those communities that didn't respond if we know what the cause was.

Sara states that it was a variety of reasons.

Commissioner Sheppard asks if it's up to that region what the program funds are distributed and used for.

Sara explains that it depends on when the tax was put in place. Sara discusses the City Tax Comparison pilot information memo. (Exhibit)

Commissioner Sugahara asks about the opaqueness of the use of funds and if there are any additional ways to track the uses.

Todd discusses that there was legislation passed in this last session to allow auditing capabilities for lodging properties to ensure they are in compliance and remitting their tax.

Sara states that the tracking would come from an organization like the Oregon Restaurant and Lodging Association (ORLA) knowing or hearing about certain regions or businesses that are not reporting or remitting funds.

Global Sales – IPW Update

Petra Hackworth, VP of Global Sales provides the Commission with a PowerPoint presentation on the recent IPW event.

Chair Youngblood asks if there is any insight on the recent Thomas Cook bankruptcy.

Petra states that she was really worried as well and that those most effected will be out of the United Kingdom; Oregon won't feel the effects as much as Florida, California or the Bahamas. States that their bankruptcy is devastating for tourism across the globe.

Global Sales – Road Rally Update

Greg Eckhart, Director of Global Sales provides the Commission with a PowerPoint presentation of the Spring 2019 Road Rally. Explains that this is really an Oregon tourism industry story – not just a Travel Oregon program. How we leverage and align our local and statewide industry resource to really make a difference - illustrates our partnerships throughout the state - really showcasing Oregon's best experiences.

Commissioner Ponzi asks about the possibility of a “zero emission challenge” for the next road rally.

Greg states that they will look into it.

Legislative Update

Sara Morrissey, Public Affairs Manager introduces Bill Perry of Balance Point Strategies who will provide an update of what we may be seeing in the upcoming 2020 Legislative short session.

Bill Perry, Balance Point Strategies, discusses the upcoming short legislative session that starts Feb. 3, 2020 and statutorily has to sine die by March 8, 2020. Discusses that there were three complex policy issues that came up during the last session that led to the Senate Republicans walking out – and those issues will likely come up during the short session. From an industry standpoint, the health assessment will be something to watch along with the lodging tax sunset.

Sara discusses that Travel Oregon is working with the Governor's office on a strategy to remove the HB 4146 sunset. The removal would keep the TLT at 1.8% allowing Travel Oregon to remain the stewards of those dollars with the disbursements in place in HB 4146. Discusses the industry partner outreach conversations that will be happening to ensure the industry is aware of and in support of removing the sunset clause.

Commissioner Boyles states that the sunset was put in place because of industry concerns. Asks if the industry is now in support of removing the sunset.

Bill states that while ORLA hasn't taken a position on the sunset – the Governor's office has approached us in how we would feel about that removal. Part of the issue is that the RDMO's have been receiving these funds and they do not want to see those dollars reduced.

Chair Youngblood asks if we approached the Governor's office or if they approached us on the sunset removal.

Sara states that the Governor's office approached Travel Oregon. This stemmed from working very closely with their staff over the years and as they've become more aware of our work and what the impact of the sunset clause might have – they approached us.

Bill explains that the new team for the Governor has been very helpful in supporting the effort for this removal. We are in a better position than we have been for a while in protecting the 2003 statute.

Chair Youngblood asks if it is likely to see other entities lobbying for the removal of the sunset for reallocation for other issues.

Bill states that yes, we know that this has been discussed.

Sara provides update on several federal issues we are tracking:

- Brand USA reauthorization – several Oregon members are in support and have signed on to “Dear Colleague” letter
- RealID – an act that was passed in 2005 for minimum security of state licenses that Oregon has yet to adopt and move forward. Ensuring the messaging is out there to let Oregonians know about attaining a RealID or traveling with a passport is high priority.

Review of October 15, 2019 Commission Agenda

Todd reviews the October 15 Commission meeting agenda and asks the Commission if they have any questions ahead of tomorrow's meeting.

Other Business

Chair Youngblood states that this portion of the meeting is an opportunity to discuss or review any information heard today or other issues that that Commissioners would like to bring up. Asks if there are any topics or issues for discussion.

Commissioner Anway discusses seasonality and that the July STR report showed a dip for overnight stays in southern Oregon. Wonders if the Only Slightly Exaggerated (OSE) campaign is driving enough demand during peak season.

Todd states that he believes the presentation tomorrow will cover that question – if we can hold it until then.

Commissioner Sugahara asks about those dips and if we'll be looking at those macroeconomic trends.

Todd states that yes, we are always looking at those.

Commissioner Boyles states that he appreciates the effort to more align the Progress Report provided to the Commission based on the Strategic Plan and the effort to go paperless.

Chair Youngblood adjourns the meeting at 4:11 p.m.

Staff present include: Todd Davidson, Sarah Watson, Jenny Hill, Scott West, Jeff Hampton, Kevin Wright, Teresa O’Neill, Petra Hackworth, Kristin Dahl, Greg Eckhart, Ladan Ghahramani, Nastassja Olson, Michael Sturdevant, Lisa Itel, Linea Gagliano, Lorna Davis, Meredith Williams, Kathleen Stewart, Jenna Wheatley, Kate Sappell and Sara Morrissey.