

**ASSESSMENT OF THE
TRAVEL INDUSTRY**

For

ABILENE, KANSAS

APRIL 13, 2012

Updated from the 2006 Randall Marketing Report

DESTINATION TOURSIM ASSESSMENT

Summary & Recommendations April 13, 2012

BACKGROUND:

This report reflects updated numbers from the October, 2006 assessment conducted by Randall Marketing .

ELEMENTS OF AN ASSESSMENT:

Randal Marketing determined who the customer is, not specifically looking for the overnight leisure tourist. They also looked at who is available to tour, the number of available hotel/motel rooms, RV Parks, and amenities desirable to the traveler.

Lodging Inventory:

| # Rooms | Hotel/Motel | Year Built | Ave. Daily Rate | Occ % |
|---------|-----------------------------|------------|-----------------|-------|
| 61 | Holiday Inn Express | 2000 | \$105 | 60% |
| 61 | Super 8 | 1989 | \$90 | 65% |
| 60 | America's Best Value Inn | | \$53 | 57% |
| 29 | Diamond Motel | 1959 | \$32 | 20% |
| 44 | Budget Lodge | 1959 | \$30 | 20% |
| 2 | Abilene Bed & Breakfast Inn | | \$120 | |
| 3 | Windmill Inn | | \$105 | |
| 6 | Abilene's Victorian Inn | | \$104 | |
| 97 | Fairgrounds | | \$30 | |
| 45 | Covered Wagon Campground | | \$26 | |
| 87 | 4 Seasons RV Acres | | \$25 | |

Lodging Customer Mix:

| | |
|-----|-----------------------------------|
| 40% | Pass-through/Overflow/Leisure/VFR |
| 26% | Business/Researchers |
| 22% | Truck/Commercial |
| 11% | Meetings/Groups |
| 1% | Motorcoach |

Day-Trippers:

| |
|----------------------------|
| 70,000 Attractions |
| <u>55,000</u> Pass-through |
| 125,000 Total |

266 total lodging rooms available

68% or 182 rooms from main three hotels – Holiday Inn Express, Super 8 & America’s Best Value Inn. The majority of the revenue generated in overnight lodging is from the three properties.

Overnight Visitor Expenditures:

266 rooms x 365 nights = 97,090 available room nights x 44% occupancy rate = 42,720 sold room nights x \$75 average daily rate = \$3,204,000 total lodging sales x 6% occupancy tax = \$192,240 (less 2% or \$3,845 for state) = \$188,395 Should be receiving in transient guest tax.

2011 Actual Bed Tax = \$143,616 Reported from KDOR

The top three hotels are filling 61% of the room nights, the over-all occupancy rates should be at 60% occupancy, not the estimated 44%

Possible Issues: Aging Properties, minimum of national chains, travelers are not staying overnight in Abilene.

Issue: Determine why they are not overnighing in Abilene, nearby towns have newer hotels.

Daily Expenditures:

\$75 Lodging
\$30 Food
\$40 Gas
\$30 Retail
\$25 Attractions/Entertainment
\$200 Daily Expenditures by overnight visitors

In 2006, Randall Marketing found this to be one of the lowest daily expenditures in the state at \$130. Salina and Manhattan were at \$215 in 2006.

42,720 sold rooms x \$200 average daily expenditures = \$8,544,000 Revenue generated by overnight visitors.

\$8,544,000 x State tax 6.3% = \$538,272 tax generated to state

\$8,544,000 x County tax 1% = \$85,440 tax generated to county

\$8,544,000 x City tax .85% = \$72,624 tax generated to City of Abilene

Total = \$158,064 sales tax directly to city and county from Overnight Visitors

RV Visitor Daily Expenditures:

229 spaces 83,585 nights possible

\$15 Lodging
\$35 Food
\$60 Gas
\$30 Retail
\$30 Attractions/Entertainment

\$170 Daily Expenditures

15,000 nights est. x \$170 = \$2,550,000 revenue generated

\$2,550,000 x State tax 6.3% = \$160,650 tax generated to state

\$2,550,000 x County tax 1% = \$25,500 tax generated to county

\$2,550,000 x City tax .85% = \$21,675 tax generated to City of Abilene

Total = \$47,175 sales tax directly to city and county from RV Visitors

Day-Trippers Expenditures:

Daily Expenditures:

\$20 Food

\$40 Gas

\$30 Retail

\$20 Attractions/Entertainment

\$110 Daily Expenditures

125,000 day-trippers x \$110 average daily expenditures = \$13,750,000

State tax 6.3% x \$13,750,000 = \$866,250 tax generated to state

County tax 1% x \$13,750,000 = \$137,500 tax generated to county

City tax .85% x \$13,750,000 = \$116,875 tax generated to City of Abilene

Total = \$254,375 sales tax directly to city and county from day-trippers

Total economic impact to Abilene and Dickinson County from travel business:

| Category | City of Abilene | County | Bed Tax | State |
|--------------|------------------|------------------|-------------------|------------------|
| Overnights | \$72,624 | \$85,440 | | \$538,272 |
| RV's | \$21,675 | \$25,500 | | \$160,650 |
| Day-Trippers | <u>\$116,875</u> | <u>\$137,500</u> | <u> </u> | <u>\$866,250</u> |
| | \$211,174 | \$248,440 | \$143,616 | \$1,565,172 |

Total Tax Relief = \$459,614 from the Visitor Industry in the City/County Sales Tax.

\$1,565,175 from the Visitor Industry to the State in Sales Tax.

Breakdown of Tax Relief per Household:

\$459,614 sales tax / 8,045 households = \$57.13 in taxes each household does not pay due to the Travel Industry.

City, County, State tax relief of \$2,024,789 / 8,045 = \$251.68 in taxes each household does not pay due to the Travel Industry.