

How To Build On TAB's Success Part 2

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Haines Borough Tourist Advisory Board
March 23, 2015

Impact of One Cruise Ship

IN THEORY: WA INPUT-OUTPUT MODEL

Cruise Ship: The Infinity: 2,170 passenger
 Spending Per Day: x \$250 / passenger
 Total Spending: \$542,500

First Round Multiplier: 1.906 (NAICS 71 & 721)
 {In Other Words: \$1 of Spending Generates \$0.90 of More Spending}

Industry Group	Output	Labor Income
Arts, Recreation, and Accommodation	586,456	192,459
Other Construction	82,743	19,347
Other Retail	67,067	27,187
Credit Intermediation and Related Activities	66,427	11,967
Waste Management/Other, and Agriculture Services	64,680	20,974
Ambulatory Health Care Services	45,990	23,776
Food Services and Drinking Places	44,807	13,580
Other Finance and Insurance	42,870	13,507
Petroleum and Coal Products Manufacturing	40,888	473
Wholesale	37,005	12,932
Hospitals	34,466	12,881
Real Estate and Rental and Leasing	33,263	6,642
Telecommunications	32,513	5,374
Total Outputs	1,404,384	451,567
Overall Multiplier	2.59	
Job Generation: (\$54,267 mhi)	8	

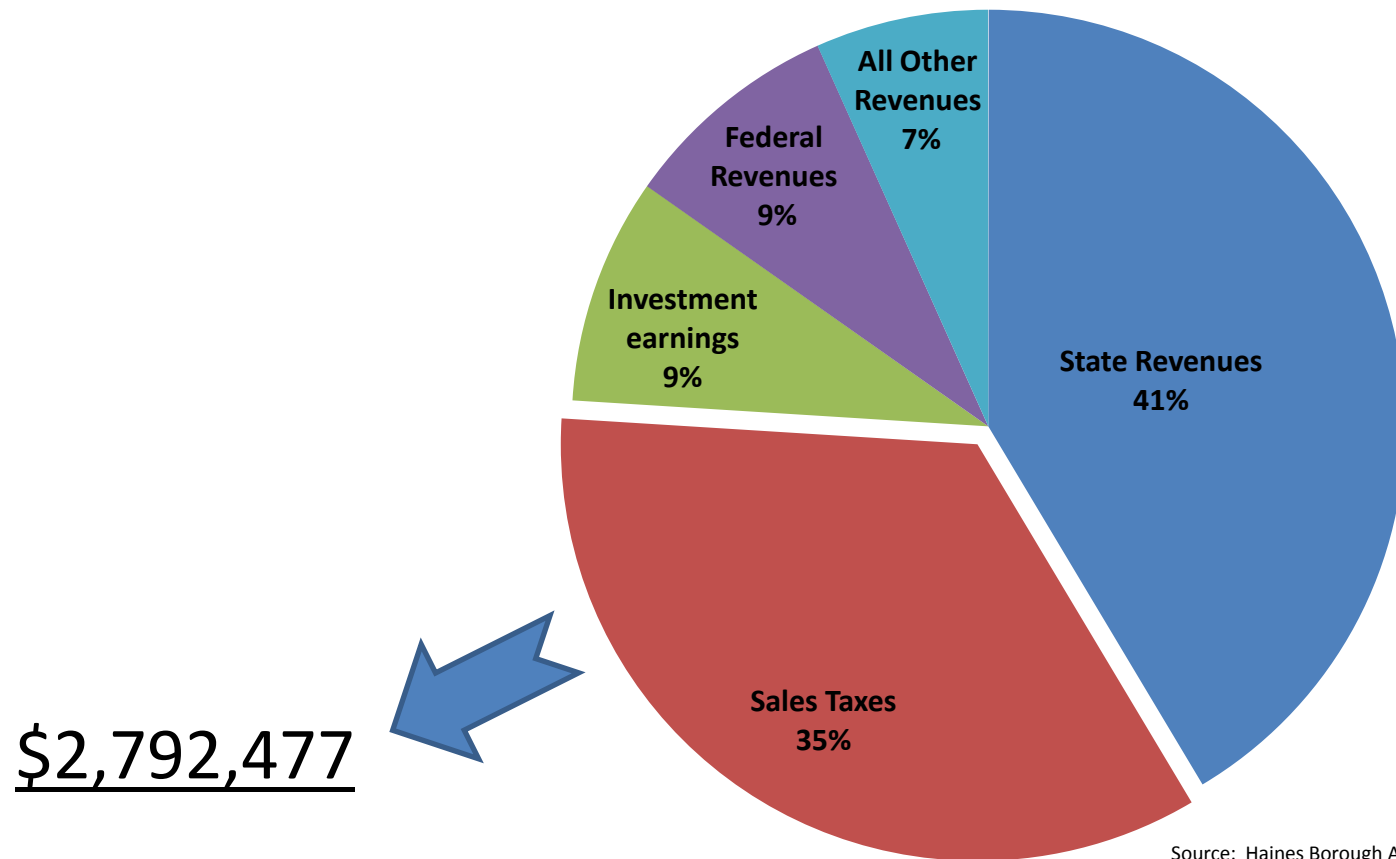
Impact of One Cruise Ship

FOR REAL: HMC 3.80.220

	Total Sales:		542,500
	Sales Tax Rate		5.5%
	Sales Tax Receipts		29,838
	HMC 3.80.220	% Total	\$29,838
Medical Services	0.50%	9%	\$2,713
Tourism & Economic Development	1.00%	18%	\$5,425
Capital Projects	1.50%	27%	\$8,138
General Municipal Purposes: Areawide	1.00%	18%	\$5,425
General Municipal Purposes: Townsite	1.50%	27%	\$8,138
	5.50%	100%	\$29,838
	Sales Tax Receipts for Municipal Purposes		\$13,563
	General Government	35%	\$4,766
	Public Safety	23%	\$3,133
	Street Maintenance	19%	\$2,531
	Cultural, Recreation & Library	23%	\$3,133
		100%	\$13,563

Importance of Sales Tax

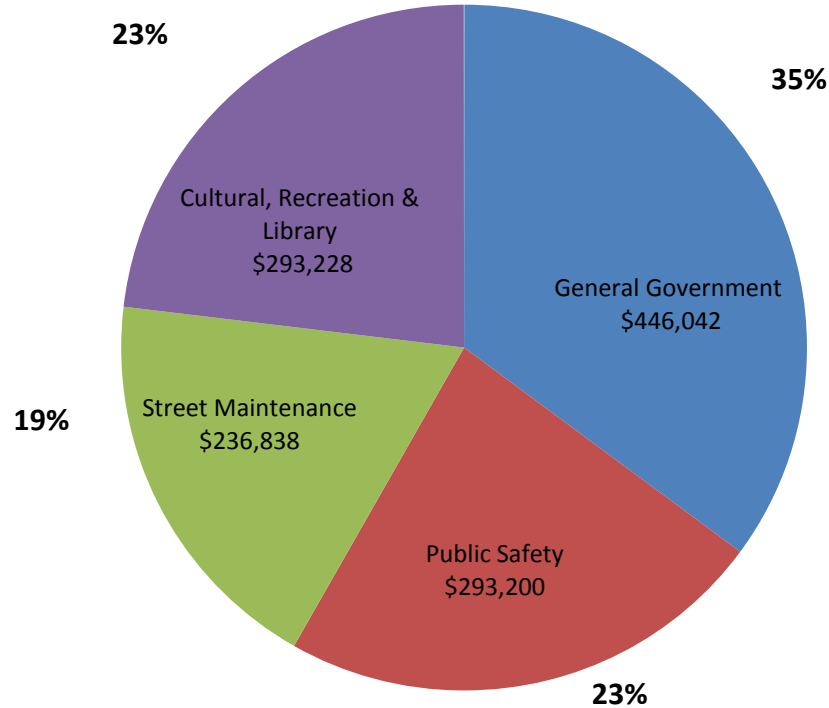
**FY 2014 General Fund Revenues
Without the Property Tax**



Source: Haines Borough Audited Financial Statements, June 30, 2014

Importance of Sales Tax

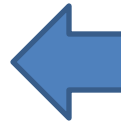
General Municipal Purposes Distribution of \$1.27 Million of Sales Tax



Importance of Sales Tax

DEPARTMENT DESCRIPTION:

Sales tax pays for nearly half of the Borough's operating expenses -- and tourism generates approximately half of the Borough's sales tax. The Borough's Tourism Department provides it some influence over this vital revenue source. The primary mission of the Tourism Department is to sustain and grow those tourism and hospitality industries that generate this important source of revenue. It promotes Haines as a popular destination place for conferences and visitors from all over the world.

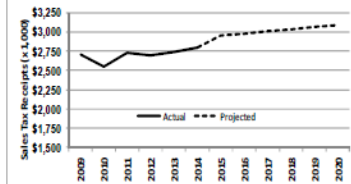


CED: Tourism Department

Department Description:

Sales tax pays for nearly half of the Borough's operating expenses -- and tourism generates approximately half of the Borough's sales tax. The Borough's Tourism Department provides it some influence over this vital revenue source. The primary mission of the Tourism Department is to sustain and grow those tourism and hospitality industries that generate this important source of revenue. It promotes Haines as a popular destination place for conferences and visitors from all over the world.

Sales Tax Receipts



Personnel (#of FTEs):

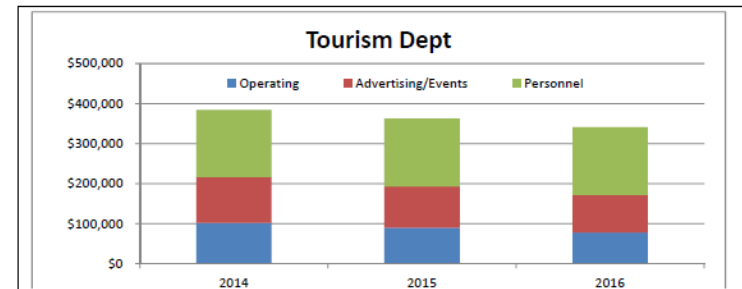
- 2.91 FTE (2.00 full-time and 0.91 part-time/seasonal)

Goal: Support Economic Growth and Sustainability

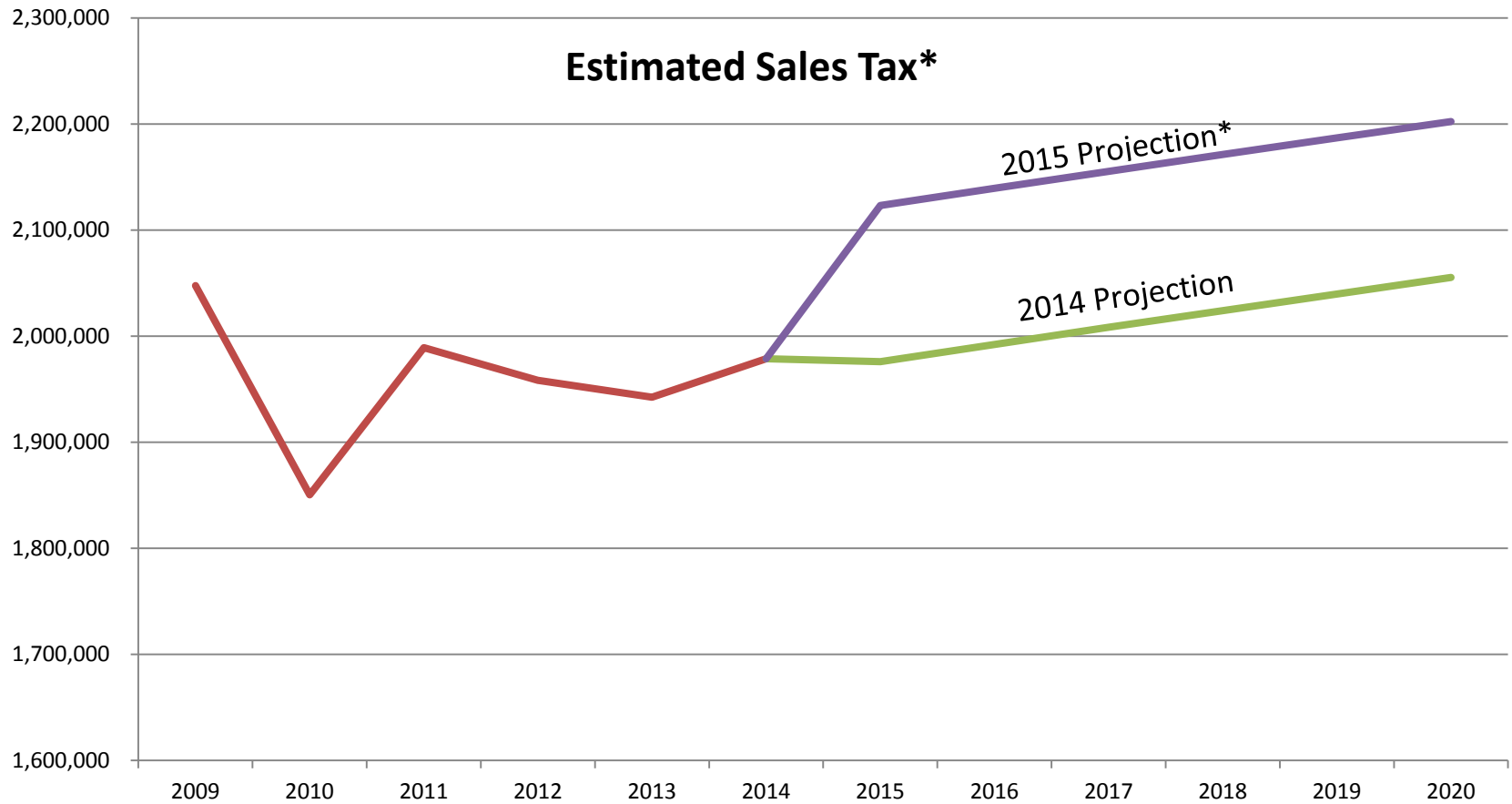
- Develop an on-line social media marketing platform that promotes tourism in Haines.
- Prepare and implement a marketing presentation to the cruise ship industries in Miami.
- Replace the Visitor Center's People Mover Cart and Shore Excursion Booth.
- Prepare and coordinate a schedule of "Borough-Sponsored" events.
- Strategically enhance and promote winter tourism.

FY16 Budget Reduction Strategy: <\$21,758>

- <\$1,200> Reduce the number of phone lines from five to four lines.
- <\$10,000> Eliminate advertising on Seattle's KING 5 television station.
- <\$4,800> Discontinue participation in the WACVB Tech Summit and the LA Adventure Travel Expo.
- <\$2,500> Eliminate the purchase of new computers and office equipment.
- <\$3,258> Miscellaneous reductions (e.g., eliminate purchase of new computer = \$2,500)



SUCCESS !!!!



* Assumes the same number of 900 ft cruise ships continue to dock in Haines over the next six years.

Capture Rate

Assumptions	Spending Per Visitor: 2011 Visitor Statistics, McDowell Group:						\$	485.00	
Estimated Visitors: (Yr 2011)	2009	2010	2011	2012	2013	2014	Totals	Median	
-- Cruise Passengers	41,304	30,850	27,263	30,991	33,021	30,429	193858	30920.5	
-- Cruise Crew	17,953	13,408	11,930	13,388	19,544	12,357	88580	13398	
-- Inbound Air	5,899	9,598	8,324	10,203	9,501	8,705	52230	9103	
-- Fast Ferry	25,440	28,317	28,465	25,289	32,531	37,669	177711	28391	
-- Inbound AMHS Passengers	30,944	32,996	33,284	33,575	33,811	32,922	197532	33140	
-- Outbound AMHS Passengers	33,931	36,806	32,603	33,040	31,631	33,026	201037	33033	
	155,471	151,975	141,869	146,486	160,039	155,108	910,948	147,986	
Adjustments									
-- Less Inbound Air	-5899	-9598	-8324	-10203	-9501	-8705	-52230	-9103	
-- Less Difference btw In/Out AMHS	-2987	-3810	-681	-535	-2180	-104	3505	107	
Adjusted Visitors	146,585	138,567	132,864	135,748	148,358	146,299	862,223	138,990	
CAPTURE RATE									
Total 2011 Sales Tax Receipts	2,708,063	2,543,070	2,724,105	2,699,741	2,744,162	2,792,477	16,211,618	2,716,084	
Less Residents	660,478	692,577	734,945	741,327	801,780	813,807	4,444,913	738,136	
Sales Taxes from Visitors	2,047,585	1,850,493	1,989,160	1,958,414	1,942,382	1,978,670	11,766,705	1,968,542	
Estimated Sales (Sales Tax / 5.5%)	37,228,818	33,645,333	36,166,547	35,607,524	35,316,036	35,975,824	32,423,236	35,791,674	
Spending Per Visitor	253.97	242.81	272.21	262.31	238.05	245.91		257.51	
Est Standard Spending Per Visitor	\$ 485.00	\$ 485.00	\$ 485.00	\$ 485.00	\$ 485.00	\$ 485.00		\$ 485.00	
Capture Rate	52%	50%	56%	54%	49%	51%		53%	

Sales Tax Per Visitor

Destination Ports

What makes a destination work:

- Name Recognition: Do the targeted customers know the place?
- Appeal: Is the mass market customer interested to visit this place?
- Is there an “Icon” (or Brand) that the government promotes? “Been there, Done that” is a significant marketing element
- What can a visitor do in six hours in the destination?
- Maximum bus ride about one hour, and it needs to be worthwhile
- Local Culture, Handcrafts, Cuisine, History, Heritage, Nature, Architectural Edifices (Museums, Houses of Famous Citizens)

Source: John Tercek, Business and Development Director, Royal Caribbean Cruises, Keynote Presentation, SeaTrade Europe 2010, link: [cruisland-tw.com/download/Keynote Speech I_John Tercek.pdf](http://cruisland-tw.com/download/Keynote%20Speech%20I_John%20Tercek.pdf)

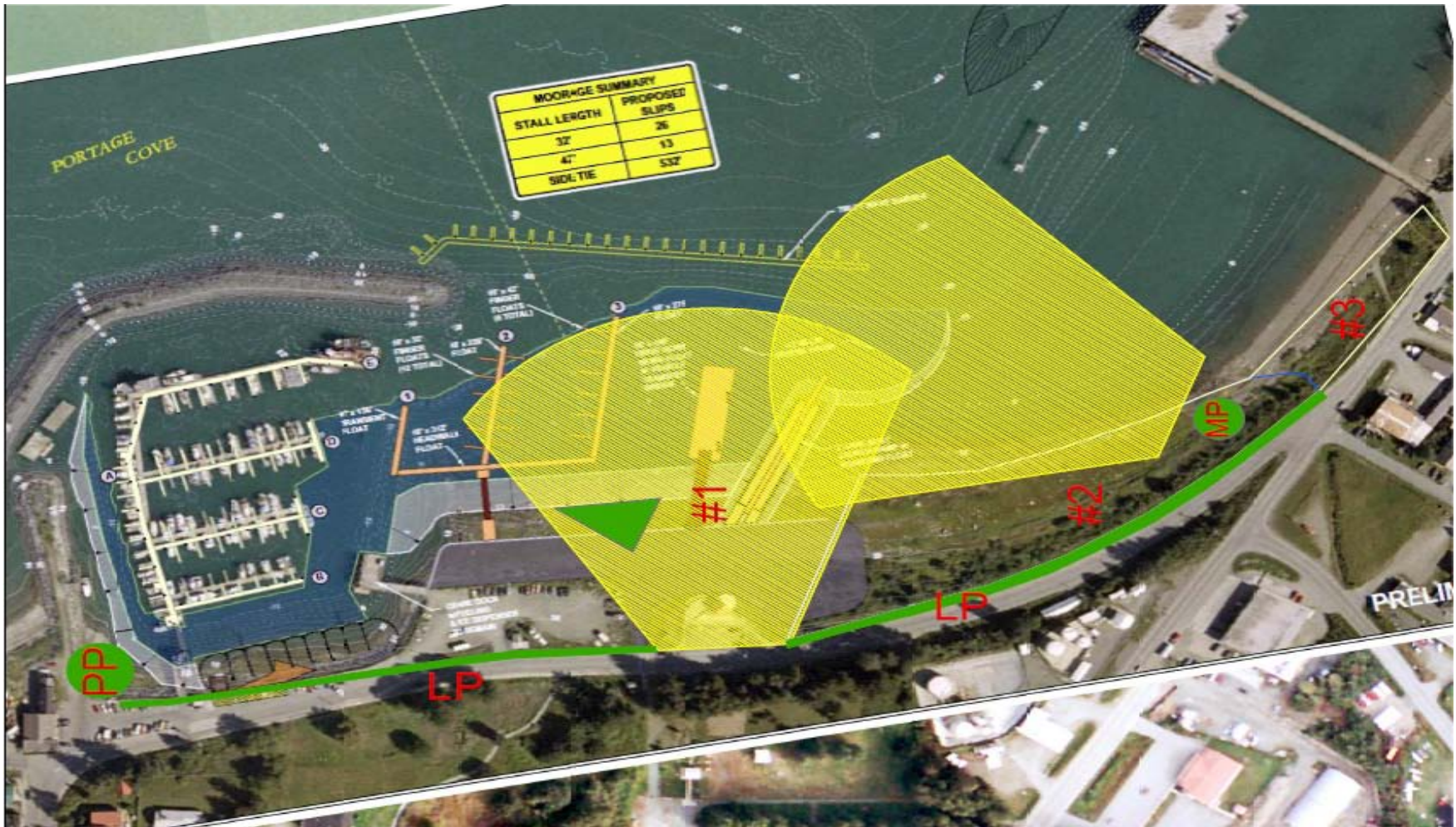
Level of Service

Design Goals	Design Outcomes
Smooth Passenger Flows	Off-load within 1 hour
Conveniences & Services	No Lines
Shops & Restaurants	Close Proximity to Port
Thematic Design & Experience	Brand Support by Community
Appealing Aesthetics	Consistent Design Criteria
Local Cultural Influences	Main Reason for Stopping

Main Goal: Guest Should Be Reluctant To Return To The Ship !

Source: John Tercek, Business and Development Director, Royal Caribbean Cruises, Keynote Presentation, SeaTrade Europe 2010, link: [cruisland-tw.com/download/Keynote Speech I_John Tercek.pdf](http://cruisland-tw.com/download/Keynote%20Speech%20I_John%20Tercek.pdf)

New Product Idea: Memorial Park Remodel / Relocation



What Else Can The Borough Do?

Existing FY2015 List of Capital Improvements Under \$50,000:

<i>FY15</i>	<i>Parks</i>	<i>20' Steel Container</i>	<i>\$4,000</i>
<i>FY15</i>	<i>Library</i>	<i>Office Telephone System</i>	<i>\$10,000</i>
<i>FY15</i>	<i>Sheldon Museum</i>	<i>Conceptual Design for Upgrades</i>	<i>\$12,000</i>
<i>FY15</i>	<i>Library</i>	<i>Repaint Public Library</i>	<i>\$20,000</i>
<i>FY15</i>	<i>Chilkat Center</i>	<i>New Windows, Insulation, Weatherization</i>	<i>\$25,000</i>
<i>FY15</i>	<i>Visitor Improvements</i>	<i>Picture Point Signage</i>	<i>\$28,000</i>
<i>FY16</i>	<i>Oslund Park</i>	<i>Repairs to Oslund Park Quonset</i>	<i>\$12,000</i>
<i>FY16</i>	<i>Museum</i>	<i>Paint</i>	<i>\$25,000</i>
<i>FY16</i>	<i>Chilkat Center</i>	<i>Siding Repair and Paint</i>	<i>\$30,000</i>
<i>FY16</i>	<i>Sheldon Museum</i>	<i>Replace Museum Roofing</i>	<i>\$50,000</i>
<i>FY17</i>	<i>Chilkat Center</i>	<i>Auditorium Painting and Repairs</i>	<i>\$25,000</i>
<i>FY17</i>	<i>Chilkat Center</i>	<i>Zoned Heating Controls</i>	<i>\$25,000</i>
<i>FY17</i>	<i>Sheldon Museum</i>	<i>Museum Humidifier</i>	<i>\$50,000</i>
<i>FY18</i>	<i>Sheldon Museum</i>	<i>Museum Siding</i>	<i>\$60,000</i>
<i>FY19</i>	<i>Tlingit Park Restroom</i>	<i>Replace Roofing on Tlingit Park Restrooms</i>	<i>\$6,000</i>
<i>FY19</i>	<i>Visitor Center</i>	<i>Repairs to Visitor Center</i>	<i>\$12,000</i>
<i>FY19</i>	<i>Tlingit Park Restroom</i>	<i>New Gazebo at Tlingit Park</i>	<i>\$25,000</i>

Suggestion: TAB may need to rethink its relationships relative to the Museum, Chilkat Center, Library, Downtown, Ft. Seward, parks and Boat Harbor

Coming Up

Next TAB Meeting: April ??

- **Proposal To Assembly To Waive Fees On 900 Ft+ Cruise Ships**
- **Cruise Ship HeadTax**
 - Response to Karen Hess's Feb 7th Email
 - Overview of the Port Chilkoot Fund
- **Finalize FY 2016 Budget Proposal**
 - Schedule of Events
 - Marketing Strategies
 - Capital Improvements
- **May Agenda Item: Borough Public Participation Plan**

ASSUMPTIONS						
Haines Households: (US Census (2013)):				966		
Haines Median Income: (US Census (2013)):				\$ 54,267		
1. Resident Sales Tax: IRS Est for HH Earning BTW \$50K-\$60K				830		
-- Total Est Resident Sales Tax		Avg ST		x HH		= Total Res ST
	2013	\$ 830	966	\$ 801,780		
	2012	\$ 816	909	\$ 741,327		
	2011	\$ 798	921	\$ 734,945		
	2010	\$ 781	887	\$ 692,577		
	2009	\$ 764	865	\$ 660,478		
2. Sales Tax						
Total Sales Tax						
YEAR	Actual	Projected	Less Resident	Visitor ST	Difference	Running Bal
2009	2,708,063		\$ 660,478	2,047,585		
2010	2,543,070		\$ 692,577	1,850,493	(197,092)	(197,092)
2011	2,724,105		\$ 734,945	1,989,160	138,667	(58,425)
2012	2,699,741		\$ 741,327	1,958,414	(30,746)	(89,171)
2013	2,744,162		\$ 801,780	1,942,382	(16,032)	(105,203)
2014	2,792,477		\$ 813,807	1,978,670	36,288	(68,915)
2015		2,802,035	\$ 826,014	1,976,021	(2,650)	(71,564)
2016		2,830,634	\$ 838,404	1,992,230	16,209	(55,355)
2017		2,859,234	\$ 850,980	2,008,253	16,023	(39,332)
2018		2,887,833	\$ 863,745	2,024,088	15,835	(23,497)
2019		2,916,432	\$ 876,701	2,039,732	15,643	(7,853)
2020		2,945,032	\$ 889,851	2,055,181	15,449	7,596
		Median	819,910	1,990,695	15,643	
		STDEV	74,856	56,055		
3. Weighted Average Cost of Investment						
			2014	2015	+ Oosterdam	
		Depreciation	241,839	241,839	241,839	
		Operating Costs	71,344	71,344	71,344	
		Targeted Incentives		13,412	43,337	
		STDEV	56,055	56,055	56,055	
		Total Costs	369,238	382,650	412,575	
			1,990,695	2,137,695	2,370,543	
		WACI	19%	18%	17%	
4. Discounted Cash Flow Analysis						
			Net Present Value = (Average Net Cash Flow) / (WACI)			
		Avg Net Tax	Est Increase	Est Sales	Est PV	
	FY2014	1,990,695		1,990,695		
	FY2015 Incentive	1,990,695	147,000	2,137,695	1,813,141	
	+Oosterdam	1,990,695	379,848	2,370,543	2,026,105	
		Difference	Difference /Yr	Rate of Return	Life Invstmt (6 yrs)	Annual Increase
			15,643	1.00		
		324,554	54,092	3.46	508,305	84,717
		344,438	57,406	3.67	1,393,929	232,322