

CLACKAMAS COUNTY TOURISM & CULTURAL AFFAIRS

REPORT: FY 19/20 & 20/21 and the COVID-19 Pandemic

At the beginning of each fiscal year (FY), Oregon's Mt. Hood Territory, the tourism destination organization for Clackamas County (hereinafter referred to as "Tourism") issues an updated Tourism Development Council (TDC) Business Plan. These plans articulate areas of focus and priorities for the new program year. They also include program highlights, industry statistics and department benchmark data from the previous year. The last published TDC Business Plan is for FY 19/20.

Under normal circumstances, a new FY 20/21 Business Plan would have been published in July or early August of 2020. However, COVID-19, first identified in January 2020 and declared a pandemic by the World Health Organization (WHO) on March 11 2020, affected Tourism's ability to publish a FY 20/21 Business Plan.

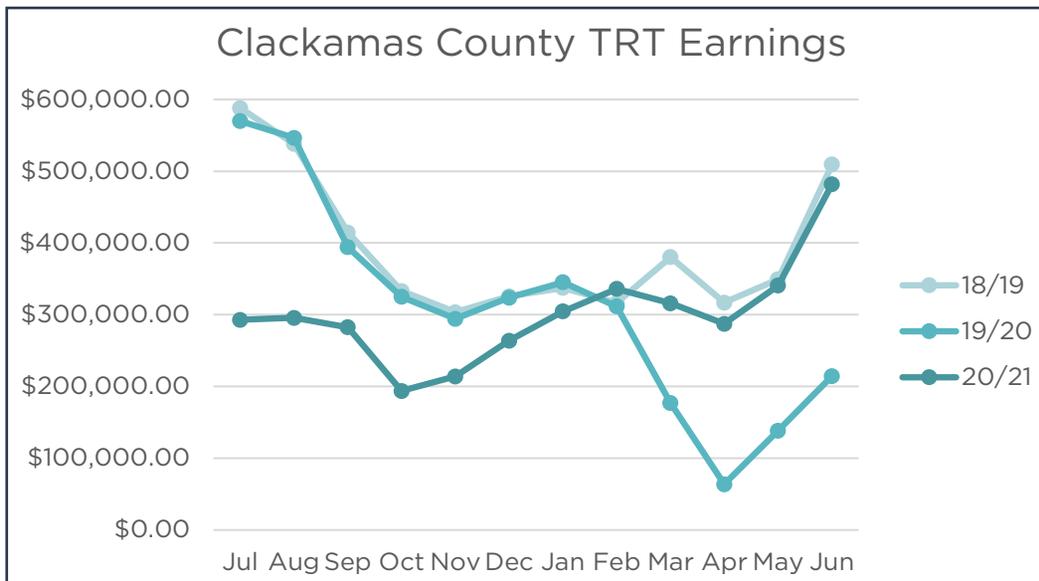
The purpose of this report is threefold: To bridge the information gap that exists between the FY 19/20 Business Plan and the yet-to-be-issued FY 21/22 plan, to capture and convey the impact of the COVID-19 pandemic on Tourism's programs and operations, and to articulate the areas of focus that Tourism will be prioritizing over the coming year.

TOURISM PROGRAMS PRE-COVID-19

Tourism receives 100% of its operating revenue from Clackamas County's 6% transient lodging tax (TLT). Until March of FY 19/20, revenue collections historically provided adequate financial resources to maintain a team of 16 mostly full-time staff spread across four program areas: administration, development, community relations and marketing. Tourism maintained contracts with an advertising and creative agency, a public relations agency, a search engine optimization firm, a website development firm and other service providers to measure and track performance. It also held contracts with partners in strategic locations within the County to provide in-person visitor information services.

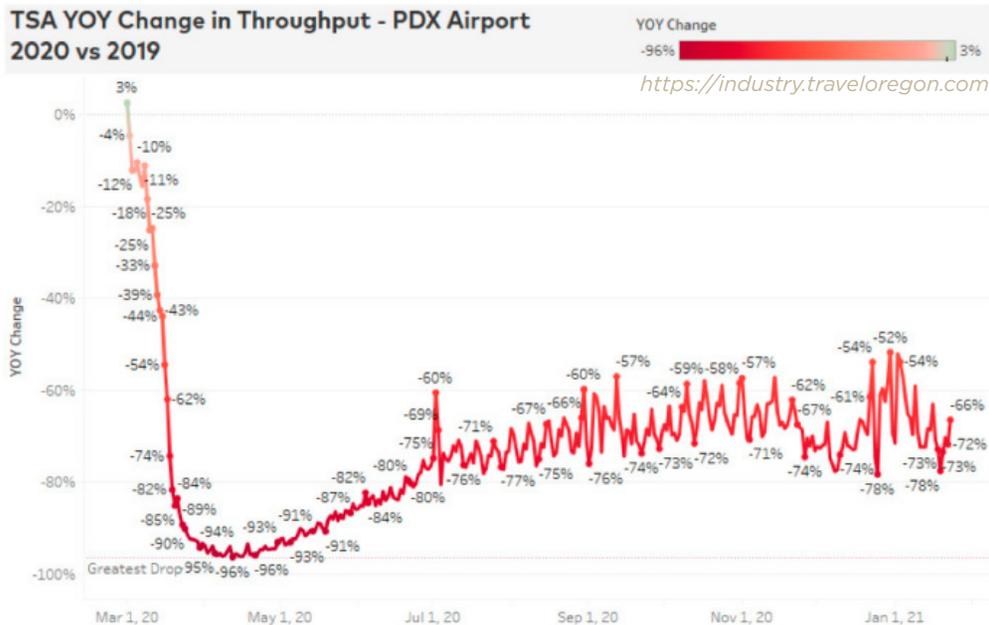


Revenue levels also allowed Tourism to make strategic investments in projects of countywide significance, and offer grant funding for local tourism projects, long-range tourism development efforts and heritage capital improvement projects.

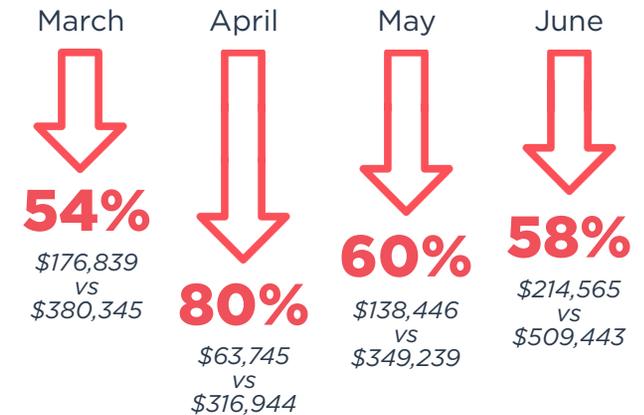


FY 19/20: COVID-19's Impact on Q3-Q4

In March 2020, the world and travel changed dramatically. On March 11, the WHO declared COVID-19 a pandemic. On March 13, President Trump declared a national emergency. On the same day, the President also issued a travel ban on non-Americans who had visited 26 European countries. Gubernatorial “stay-at-home” orders, closures and other restrictions soon followed in states across the U.S. Essentially, the world stopped traveling - locally, domestically and internationally. The entire travel industry was immediately and significantly negatively impacted. This included tourism organizations whose operating revenues were directly reliant on TLT.



TLT EARNINGS IMPACTS IN 2020



March 2020 TLT collections were down by 53.51% from the prior year. April 2020 collections were down by about 80%. TRT collections for May and June 2020 came in respectively at 39.64% and 42.12% of FY 18/19 figures, which closed out Tourism's Q4 at 35.45% of revenues from the previous year. Because the pandemic didn't begin impacting travel until eight months into the fiscal year, total year-end collections for FY 19/20 were 78.55% of FY 18/19, coming in at \$3.70 million vs. \$4.71 million the year prior.

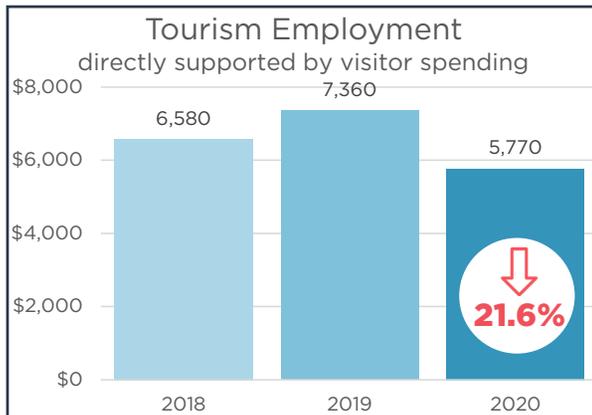
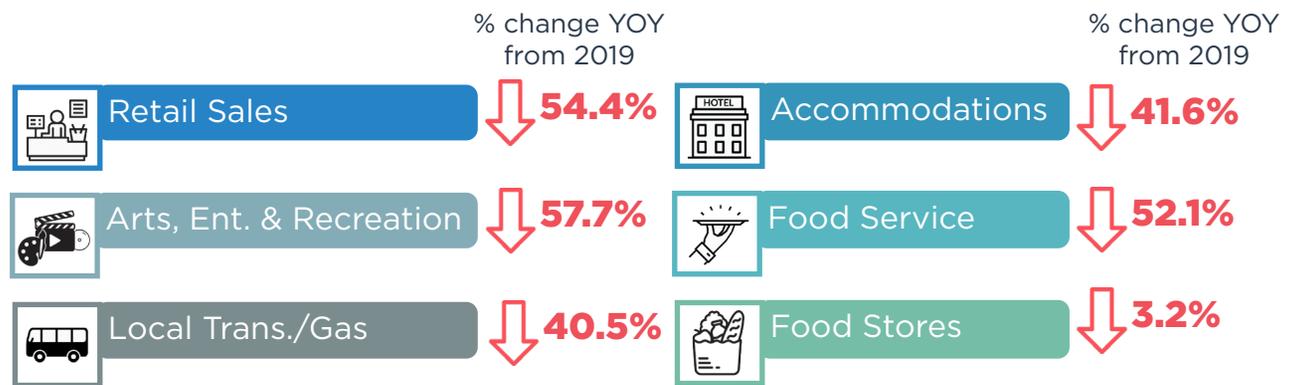
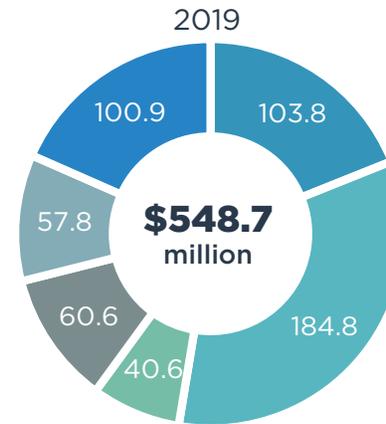
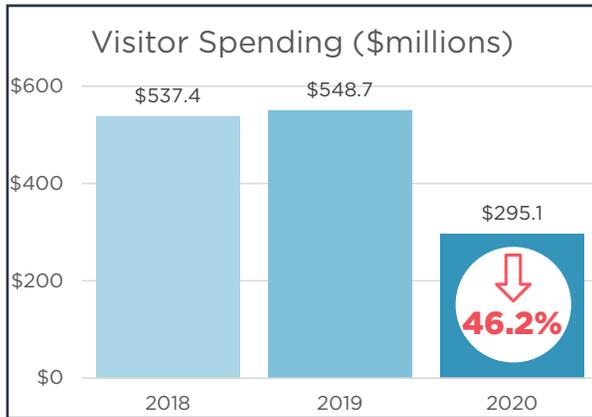
Faced with a significant reduction in revenue, a respectable but insufficient reserve fund to maintain operations over a prolonged period of time, uncertainty about when the situation might turn around and no alternative source of replacement funds, the TDC, with the support of County leadership, made the difficult decision to cancel most of Tourism's contracts, cease offering sponsorships and grants, hibernate programs and lay off all but two FTE employees effective May 4, 2020. The department was also transitioned to a sub-division of County Administration.

The primary focus of remaining staff, which included the .75 FTE Mt. Hood and Columbia River Gorge Regional Cooperative Tourism contracted program, was to: navigate through a changing tourism environment, manage crises, continue providing base-level functions such as visitor information services via the website and collateral fulfillment, sustain key relationships and leverage regional and state partnerships to the greatest extent possible. As revenue stabilized, staff developed strategies for the organization to ramp back up sustainably and start to bring programs back online.

The Effect of COVID-19 on Economic Impact Measurements

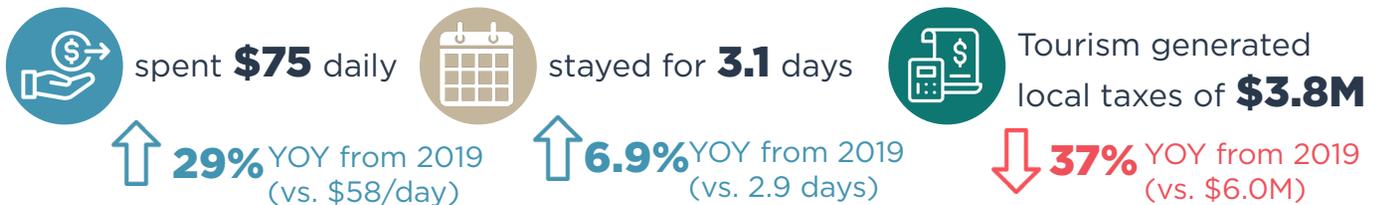
VISITOR SPENDING BY SECTOR

The following breaks down total visitor spend (left top graph) by commodity purchased in (\$millions). Details may not add to totals due to rounding. - Dean Runyan & Associates



LOCAL IMPACT

In 2020 the average visitor...



FY 20/21: Clearing Skies

The first half of FY 20/21 provided further evidence that the reductions and reorganization described earlier were justified. It was not until the last two months of Q2 in FY 20/21 that collections broke into the 70-80 % range of previous years' collections and began stabilizing. The rebound was largely attributed to people's desire to get out of their houses, their comfort level of "living" within a pandemic, and elevated levels of savings for those whose incomes had not been negatively impacted by COVID-19. Evidence suggests that a majority of travel that has occurred since the beginning of the pandemic has been within local or regional drive markets.

STEPS TOWARD REBUILDING

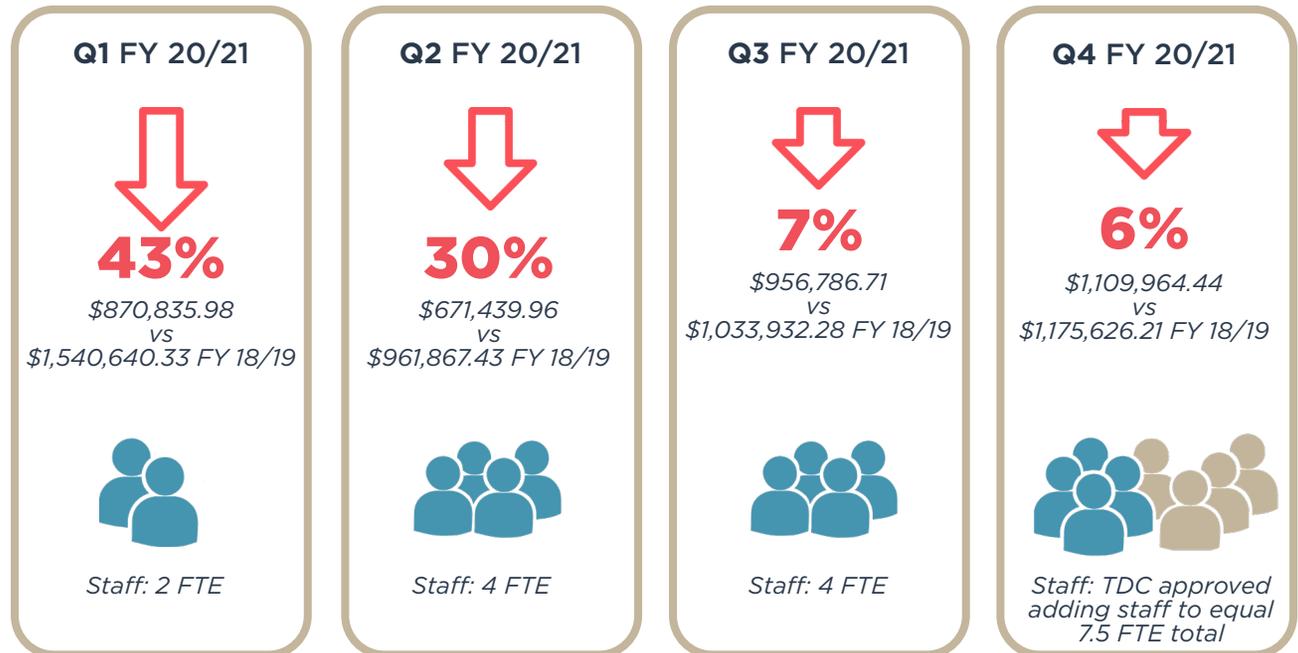
After TLT revenues demonstrated signs of recovery and stabilization in the first half of FY 20/21, the TDC approved the recall of two FTE staff positions: a Tourism Coordinator primarily responsible for marketing and communications and a Tourism Programs Assistant. With this increased staffing capacity, OMHT was able to begin offering more proactive communications with partners, update and increase content on the website and social channels, develop a "Know Now" information strategy, share partner content and update articles to optimize SEO.

To enhance efforts to address visitor information needs, staff hosted a series of virtual familiarization (FAM) tours for frontline staff at local lodging and attractions to highlight COVID-friendly activities. The monthly consumer newsletter relaunched and niche co-op marketing opportunities for partners were developed.

Staff also focused on promoting especially impacted regions and industries including creating "Willamette River Meets Main Streets" messaging to promote Portland Region lodging properties and businesses as well as promotions featuring "Why Guides?" to support outdoor recreation operators. Where possible, the team augmented State and Region efforts to maximize reach and return on investment. Collaborative work included participating in Travel Oregon co-ops with KAYAK and Priceline and joining the Willamette Valley Visitor Association's Seattle in-market activation.

TRENDING UPWARDS

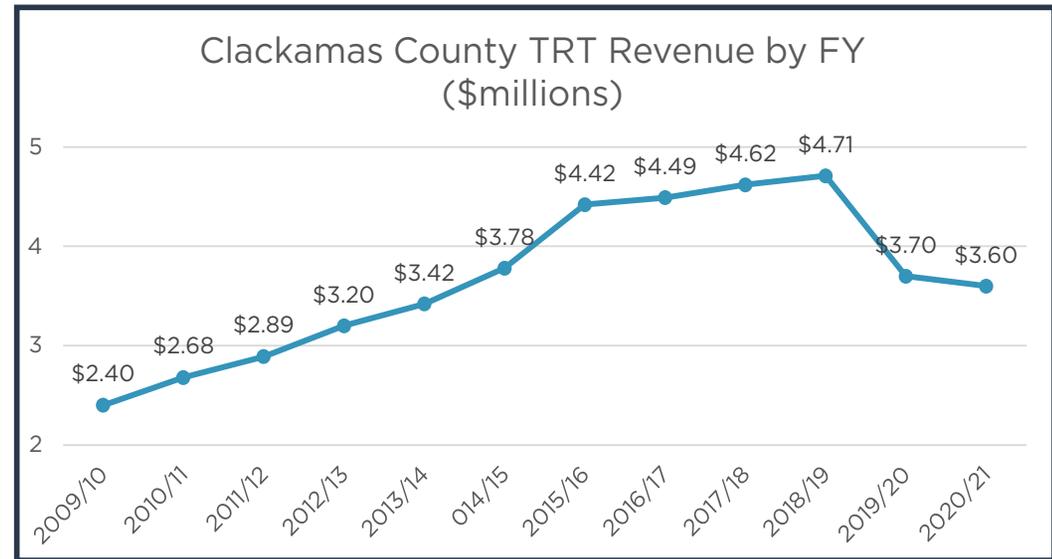
The last half of FY 20/21 showed continued improvements, with some months approaching historic revenue levels. February of 2021 surprisingly exceeded FY 18/19 collections. With this additional degree of revenue stabilization the TDC approved the restoration of 3.5 FTE staff positions: a Tourism Coordinator to reconstitute and oversee the Development and Community Relations Program; a Tourism Specialist Sr. to support this area of work; and another Tourism Specialist Sr. to add capacity to the Marketing Program. These three positions returned between September and October of 2021. A .5 FTE administrative assistant position was also added to handle increased administrative needs.



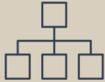
What's Next?

During the FY 21/22 planning cycle, Tourism staff engaged with community tourism leaders and TDC members to identify four key issues for the coming fiscal year. These four key issues have guided FY 21/22 programs and budgeting.

In coordination with department leadership and the TDC, staff are working to strategically and sustainably restructure programs and offerings in a way that can best support our industry and community partners in the current, but still-changing tourism landscape. While the Development and Community Relations Program is being strategized and reengaging with partners, the Marketing Program has been enhanced. The Team now oversees all social media advertising internally, and is able to create more timely, targeted and relevant content. RFPs for an SEM/SEO firm, a PR agency and a website development firm are in development.



KEY ISSUES FY 21/22

<p>1. COVID and Wildfire Impacts on Tourism Industry and Assets</p> 	<p>2. Negative Perceptions of the Destination around Safety</p> 
<p>3. Overuse in Specific Locations with Underuse in Others</p> 	<p>4. Department Reduced Capacity and Financial Stability</p> 

Four key issues (left) were identified as part of the FY 21/22 planning process. Some of the strategies being implemented to address these issues include:

- 1 Flexible and responsive programs, with a focus on hardest hit areas from COVID-19 and 2020 wildfires
- 2 Strong positive destination presence with messaging relevant to current environments
- 3 Marketing tools to support location-specific capacity issues; leverage local identities in collaboration with destination leads
- 4 Add staff capacity and build contingency