



Memorandum

To: Town Council

From: Vail Local Marketing District

Date: May 3, 2022

Subject: Vail Local Marketing District 2022 1st Supplemental Budget Request

I. BACKGROUND

The mission of the Vail Local Marketing District (VLMD) is to market and promote Vail to attract overnight destination guests primarily during the non-ski season time frame, creating economic vitality by increasing the visitor base, sales tax and lodging tax revenues with a focus on mid-week and lower demand time periods. The overarching goal of the VLMD is to drive responsible revenue growth in Vail by focusing on quality of guest, length of stay and guest spend, while effectively communicating community values.

II. BUDGET DETAIL

The Vail Local Marketing District's 2022 Operating Plan and Budget was finalized in October of 2021. At that time revenue projections were forecasted conservatively as impacts of COVID-19 to the 2021/2022 winter season were still uncertain. Since then, the town has experienced increased visitation as well as higher ADR across the months. **The updated 2022 lodging tax projection totals \$4,435,000, up 4% from 2021 actual collections and up 20% from 2019 actual collections. This will generate an additional \$610,000 in revenues from the current budget.**

Expenditures are being proposed to increase by \$655,964 for various initiatives including web search optimization, branding and production, and data infrastructure. Details of each request are outlined below. **The amended 2022 expenditure budget will total \$4,855,964, up \$1,2,08,037 or 33% from 2021 actuals.**

The 2022 budget utilizes \$419,964 of fund balance and is projected to end the year with \$2,290,898 of reserves, 52% of annual revenues and above Council's directive of 25%. During 2020 and 2021, the VLMD reserves increased due to better than expected revenues combined with conservative budgeting and spending during the pandemic. The Vail Local Marketing District Advisory Council (VLMDAC) has identified and prioritized future spending and investments should revenue continue to increase. Examples of future considerations include funding of signature summer events, EGE air alliance guarantee support, on-site research on visitor behavior such as trail usage, and Steward Vail implementation tactics.

III. SUPPLEMENTAL REQUEST

The VLMDAC is recommending a supplemental budget increase of \$655,964. The majority of this request focuses on search optimization, database infrastructure, and contingency.

A total of \$146,350 is requested to create a robust and intentional approach to web search engine optimization and match the search terms to comprehensive website content with enhanced reporting and analytics to manage growth and scale. This will include the following:

- Website: \$59,350
 - o Foundational structure for ongoing optimization of web search terms
 - o Web search terms to own our space completely
 - o Website and user experience improvement, management and training
- Branding and Production: \$29,100
 - o Updated email templates
 - o Content creation including frequent long-form blog creation
- Email Marketing: \$57,900
 - o Triple the amount of outgoing emails with increased segmentation and personalization

An additional \$191,500 is requested to invest in data, primarily to grow the level of insight on existing customers in the database to enable personalization and drive better engagement and conversion. This will include the following:

- Database Infrastructure and Enhancements: \$141,500
 - o 3rd Party Data Append
 - o Data-Driven Media/Masurement Pilot
 - o Email Acquisition
- In-resort Data-Capture: \$50,000
 - o Create in-village marketing efforts to drive newsletter signups and website visitation through targeted collateral and interactive event activation

The VLMDAC is also requesting \$200,000 to replenish and increase the contingency budget. The board has utilized a total of \$98,000 of contingency to date. The board appropriated \$75,000 of contingency funds to the Travel Classics media event (\$75,000) which will occur in the fall of 2022. The VLMD will sponsor and host the premier travel media conference in the world, connecting top freelance travel writers and editors in North America. Contingency was also used to fund a new public relations influencer tool (\$3,000), and a Destination Stewardship SMARI Visitor Research study to gather data to inform strategy on value-based marketing (\$20,000). These shifts are reflected in the attached fund statement.

The remaining \$118,114 is requested for the following:

- \$18,475 for an owned photo/video asset management tool that will allow VLMD to enhance availability of visual assets for partners and community.
- \$19,000 for in-market research in Mexico to understand competition within US mountain resorts and gauge visitor travel expectations. Additionally, a partnership with Santander, the largest credit card company in Mexico, for a fall mid-week promotion.
- \$25,000 for a social campaign and fall media buy in Mexico. The social campaign will monitor in-market business and the fall media buy will drive September and October visits.
- \$20,000 to develop a co-op program to encourage influencer hosting by offsetting hosting expenses.
- Re-appropriation of \$35,639 for items budgeted in 2021 that were not fully completed including giveaway items delayed due to supply chain issues and video and digital production for the “Dream” campaign.

IV. BUDGET SHIFTS

In addition to the \$98,000 of contingency shifts listed above the VLMDAC shifted \$45,027 of media spend from Front Range media to Destination media to target audiences more likely to stay off-peak, mid-week, and for a longer period of time.

V. ACTION REQUESTED OF VAIL LOCAL MARKETING DISTRICT

The Vail Local Marketing District recommends that the Vail Town Council approve the supplemental budget of \$655,964.

**VAIL LOCAL MARKETING DISTRICT 2022 AMENDED BUDGET
SUMMARY OF REVENUE EXPENDITURES AND CHANGES IN FUND BALANCE**

	2021 Actuals	Under/(Over) Budget	2022 Budget	Budget Shifts	1st Supplemental	2022 Amended Budget
Income						
Lodging Tax	4,271,879	871,879	3,825,000		610,000	4,435,000
PY Lodging Tax	4,850	4,850	-			
Interest Income	281	(719)	1,000			1,000
Misc Income	2,970	2,970	-			
Total Income	4,279,980	876,010	3,826,000	-	610,000	4,436,000
Expense						
Destination	943,457	(6,256)	835,000	45,027		880,027
International	44,090	910	56,000		44,000	100,000
Front Range	449,774	15,189	218,500	(60,027)		158,473
Groups and Meetings	201,894	48,106	265,000			265,000
Public Relations Expenses	98,000	13,000	177,000	(55,000)		122,000
Content/Influencer Strategy	50,149	(49)	88,000	3,000	20,000	111,000
Photography / Video	158,752	(17,752)	240,000	15,000	18,475	273,475
Research	64,218	10,782	143,000	21,250		164,250
Web Site	173,449	37,569	213,300		59,350	272,650
Admin Miscellaneous	4,663	13,337	8,000			8,000
Email Marketing	14,003	12,608	94,640		57,900	152,540
Branding	564,936	52,564	479,500	30,000	64,739	574,239
Contingency		11,532	130,760	(98,000)	200,000	232,760
Destination Stewardship Mgmt Plan		-	100,000			100,000
Database Warehousing and Research	421,969	42,631	591,300	(41,250)	141,500	691,550
In-Market Marketing	2,982	(2,982)	105,000		50,000	155,000
Professional Fees						
Legal and Accounting	25,000	-	25,000			25,000
Lodging Liaison	43,175	4,825	48,000			48,000
Advertising Agent Fees	191,000	4,000	160,000	10,000		170,000
Marketing Coordination-TOV	95,000	-	95,000			95,000
Marketing Coordination-VVP	37,500	-	41,500			41,500
Professional Fees - MYPR	38,917	16,083	60,500	130,000		190,500
Total Professional Fees	430,592	24,908	430,000	140,000	-	570,000
Special Event Funding						
Event Liaison	25,000	-	25,000			25,000
Total Special Events	25,000	-	25,000	-		25,000
Total Expense	3,647,926	256,098	4,200,000	-	655,964	4,855,964
Revenue over (Under) Expenditures	632,053	1,135,077	(374,000)	-	(45,964)	(419,964)
Beginning Fund Balance	2,078,809		2,710,862			2,710,862
Ending Fund Balance	2,710,862		2,336,862			2,290,898
Fund Balance (25% required)	63%		55%			52%

**RESOLUTION NO. 20
SERIES OF 2022**

**A RESOLUTION APPROVING AN AMENDED OPERATING PLAN AND
BUDGET OF THE VAIL LOCAL MARKETING DISTRICT, FOR ITS FISCAL
YEAR JANUARY 1, 2022 THROUGH DECEMBER 31, 2022**

WHEREAS, the Town of Vail (the “Town”), in the County of Eagle and State of Colorado is a home rule municipal corporation duly organized and existing under the laws of the State of Colorado and the Town Charter (the “Charter”); and

WHEREAS, the members of the Town Council of the Town (the “Council”) have been duly elected and qualified; and

WHEREAS, C.R.S. §29-25-110 requires the Council’s annual approval of the operating plan the Vail Local Marketing District (the “VLMD”).

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF VAIL, COLORADO THAT:

Section 1. The Council approves the operating plan and budget of the VLMD for marketing related expenditures beginning on the first day of January, 2022, and ending on the 31st day of December, 2022.

Section 2. This Resolution shall take effect immediately upon its passage.

INTRODUCED, PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Vail held this 3rd day of May 2022.

Kim Langmaid, Town Mayor

Attested:

Tammy Nagel, Town Clerk