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CITY MANAGER'S OFFICE



NOV 19 2020

Smart Choice

CITY OF AMES, IOWA

November 20, 2020

Mayor John Haila and Members of the Ames City Council
515 Clark Avenue
Ames, IA 50010

Dear Mr. Mayor and Members of the Ames City Council:

The Ames Convention & Visitors Bureau (ACVB) is a member-based organization, supported by hotel/motel tax. The ACVB builds economic activity in Ames and the surrounding area by recruiting visitors to the community for sports and recreational events, performing arts and concerts, conferences, group tours and special events. The ACVB holds several long-term agreements with organizations to host their events in Ames, even as far out as 2036. The ACVB seeks out events to fill the available dates between these long-term contracted events, as well as securing events to fill in around Iowa State University (ISU) student activities and ISU sports.

These events are a major economic driver of revenue to the City of Ames community in the form of sales tax, local option tax, and hotel/motel tax. Based on the Iowa Economic Development Authority and STR Destination Reports, the economic impact by overnight visitors to Ames in 2019 was \$114,000,000. However, due to COVID-19, the 2020 and 2021 impact will be significantly lower.

The Ames tourism and hospitality industry, particularly hotels, have been severely affected by the COVID-19 pandemic. Since March 2020, the Ames hotel revenues have decreased more than \$15,500,000 over the same period in 2019. Normally, hotel occupancy averages over 60% with an average daily rate (ADR) of \$105. Since March 2020, hotel occupancy in Ames is averaging 30% and the ADR is \$76.

With hotel occupancy and ADR dropping to these levels, the hotel/motel tax revenue is significantly reduced. The ACVB has taken drastic measures to reduce organizational expenses, including reducing staff by 50%, decreasing promotions and sponsorship by 60%, and eliminating non-essential expenses. Despite these necessary measures, it is still of the utmost importance for the ACVB to discover and acquire future events for Ames.

To ensure that Ames continues to be a destination for visitors, conferences, and events, it is imperative that the ACVB stays competitive in actively pursuing groups to come to Ames. To do this, the ACVB is requesting a one-time ask of \$35,000 from the 1% the City of Ames receives in hotel/motel tax designated for economic development. These funds will be used directly for the pursuit of events and conferences, as well as for contractually obligated incentives to support groups already committed to hold their event in Ames.

Historically, the tourism and hospitality industry are the slowest to recover from a major economic crisis or national disaster. Knowing this recovery may take several years, the ACVB also requests a loan of \$75,000, with the terms of the loan to be determined. These funds, along with ACVB reserve funds, will ensure impactful future community-wide events are hosted in Ames for years to come.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink that reads 'Kevin Bourke'. The signature is fluid and cursive, with the first name 'Kevin' being more prominent than the last name 'Bourke'.

Kevin Bourke, President/CEO