

DESTINATION MANAGEMENT, INC.

May 15, 2009

Casey Liebst
Budget Manager
City of Lawrence
PO Box 708
Lawrence, Kansas 66044

Dear Casey,

Destination Management, Inc. (DMI) projects city collections of transient guest tax revenue in 2010 to be \$847,000, making the Lawrence Convention & Visitors Bureau's portion of the collected transient guest tax \$685,560. We understand that \$12,000 of those collections will be transferred to the Sister Cities Advisory Board and that an additional \$150,000 will be transferred to the Transient Guest Tax Reserve Fund, leaving the amount of \$685,560.

The 2010 LCVB request reflects no increase in funding over 2009, based on the current economic climate and because Transient Guest Tax revenues remain essentially flat for the first quarter of 2009 compared to previous years. Additionally, we are still not realizing our potential for convention business due to the lack of a high-quality convention facility. Developments in the surrounding area continue to make it more challenging to compete for the visitor business.

The LCVB staff is closely monitoring the transient guest tax collections each month and making adjustments to the budget as necessary and we understand that the city cannot distribute more than is collected through this tax.

DMI, governed by a board with representation from the City, County, Chamber of Commerce, Freedom's Frontier National Heritage Area and a Mayor's appointee from the Convention & Visitors Bureau (CVB) Advisory Board, manages the transient guest tax revenue allocated by the city, through a contract agreement. The CVB budget is guided by a 13 member LCVB Advisory Board appointed by the Mayor. Funding comes from the 5% hotel room tax.

DMI also has agreements for management with Freedom's Frontier National Heritage Area as well as the Douglas County Commission. A budget specific to DMI reflecting these potential contracts is in development and will be based on actual time and materials used during the last year to manage the expectations of these contracts.

In the meantime, as always, the CVB staff makes every effort to responsibly manage tax funds in the context of a well-thought-out market plan with benchmarking and research to measure effectiveness. Overall direct spending by visitors to Lawrence in 2008 is conservatively calculated at over \$57.3 million resulting in approximately \$1.1 million in local sales tax. Increased competition for the visitor dollar reinforces our belief that we must continue to invest in marketing our community to the maximum level possible.

Sincerely,

Judy Billings
President & CEO

**LAWRENCE CONVENTION VISITORS BUREAU
City Budget Proposal 2010**

REVENUES

Interest Income	\$600.00	*It has been proven over the years that good hotel manage-
Transient Guest Tax	\$685,560.00	ment makes a positive difference in overnight business.
Merchandise	\$1,000.00	The new Oread Inn will provide space for new types of
Online Booking	\$7,800.00	meetings; however, we continue an uphill battle
TOTAL REVENUES	\$694,960.00	because of past management at our conference property.

EXPENSES

Operating Expenses

Staff Salaries	\$289,100.00	*Staff salary increases are figured at 3%. The majority of
Temporary Services	\$500.00	staff raises come in July/August and possible increases
Retirement costs	\$28,500.00	will be considered at that time, evaluating the budget.
Group Health Insurance	\$27,000.00	This includes 5 staff members. Staff is our greatest asset
Group Life/Disability	\$7,000.00	in promoting Lawrence and Douglas County. We
Payroll & Unemployment taxes	\$28,000.00	currently have a very talented and efficient staff.
Administrative fee to DMI	\$56,740.00	
Mgmt & professional development	\$5,560.00	
Memberships & Subscriptions	\$3,000.00	
Community Relations	\$1,000.00	
Total CVB Operating Expenses	\$446,400.00	

Visitor Center Operating Expenses

Staff Salary	\$39,060.00	The CVB operates the Visitor Information Center in the
Retirement costs	\$3,600.00	Union Pacific Depot with 1.5 paid staff and 45+ volunteers
Payroll taxes	\$2,800.00	providing 21,000 volunteer hours of help. The center is
Group Health Insurance	\$5,500.00	open to the public 7 days/58 hours a week. Staff assists
Supplies	\$200.00	Parks & Rec staff by providing assistance to groups
Telephone/Internet	\$750.00	using the facility.
Merchandise	\$500.00	
Volunteer hospitality & training	\$1,000.00	
Miscellaneous administrative fees	\$250.00	
Total Visitor Center Operating Expense	\$53,660.00	

TOTAL OPERATING \$500,060.00

MARKETING PROGRAM EXPENSES

TIAK Membership	\$1,800.00	*It continues to be important to work with our state
Misc. PR/legislative	\$1,000.00	lobbying organization, the Travel Industry Association
Total Program Expense	\$2,800.00	of Kansas. This program expense has not changed

Convention Sales & Services

Assn. Memberships	\$750.00	*Convention/meeting sales is the program where we have
Travel & Trade Shows	\$2,000.00	the most one-on-one influence with the customer.
Direct Mail	\$1,000.00	
Printing/website development	\$1,000.00	
Bid promotion	\$6,500.00	
Advertising	\$1,800.00	
Conference hospitality	\$4,000.00	
Total Program Expense	\$17,050.00	

International & Group Tour Promotion

Travel/Trade Shows	\$4,500.00	*The Kansas State Travel Office continues to place more
Direct Mail	\$900.00	emphasis on international promotion in target markets.
Hospitality	\$400.00	
State advertising co-ops	\$1,500.00	*We work cooperatively with the state office to host
Total program Expense	\$7,300.00	familiarization tours and to provide services when hosting

Public Relations/Leisure travel marketing

Advertising		
Broadcast	\$20,000	Our advertising efforts are focused on driving potential
Online	\$10,000	visitors to our website
Magazine	\$53,660	
I-70 brochure		We continue to develop a database of potential visitors that
distribution	\$4,000	allows us to target "e-messages" and direct mail campaigns.

**LAWRENCE CONVENTION VISITORS BUREAU
City Budget Proposal 2010**

Design	\$5,000				
Directory	\$ 750				
Direct Mail postcard & VG					
Business Reply Mail					
Special Project/Event Promotion					
Fulfillment of requests for VG					
Printing/promotional materials					
Memberships/meetings					
Media Relations					
Website & database					
Photography					
Market Research					
		Total advertising	\$93,350.00		We also continue to research demographics of potential visitors with the same demographic of those already visiting.
			\$17,900.00		
			\$500.00		
			\$5,000.00		*We promote many local events such as Civil War on the Western Frontier and Kaw Valley Farm Tour by printing by printing brochures and advertising.
			\$8,000.00		
			\$7,000.00		
			\$2,000.00		
			\$5,500.00		*Our website is our strongest promotional tool and needs constant updates to keep it fresh.
			\$7,500.00		
			\$3,000.00		*Conducting an Adv. Eff. Study is an important way to learn about our customers and measure the effectiveness of our various marketing efforts.
			\$10,500.00		
		Total program expense	\$160,250.00		
Film					
Film Festival Development			\$0.00		*Forces affecting the decline of on-location film production are beyond our control. Local production is growing.
Hospitality			\$400.00		We will continue to assist productions that choose us as a location but are not actively promoting this market.
		Total program expense	\$400.00		
Sports Marketing					
Travel/Trade Shows			\$0.00		*We are having success working with local sport organizations to bring new events to Lawrence. There continues to be great potential in hosting amateur sport events.
Bid Promo/Hospitality			\$2,800.00		
Advertising			\$0.00		appointed advisory board and is staffed by the Lawrence CVB. Its focus is to develop new amateur sports events such as the Tour of Lawrence bicycling event, which we hope to have become an annual event.
Assn. Memberships			\$300.00		
Misc. Expense			\$500.00		
Event Management			\$3,500.00		
		Total program expense	\$7,100.00		
		TOTAL MARKETING	\$194,900.00		
Total Operating Expenses			\$500,060.00		
Total Marketing Program Expenses			\$194,900.00		
TOTAL EXPENSES			\$694,960.00		