

Annual Report to Avalon City Council

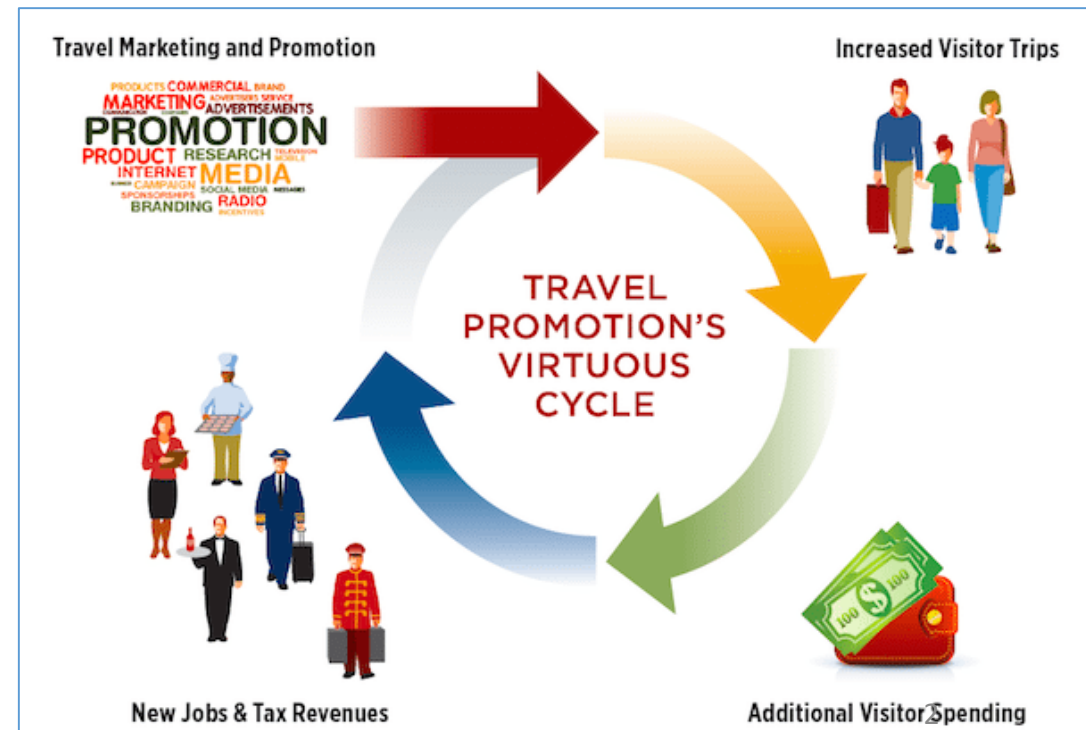
November 10, 2020

FYE June 30, 2020



Annual Report to Avalon City Council

- Mission, Purpose, Vision and Goal Setting
- State of Catalina Island Tourism
- Tourism Promotion & Audited Financials: Measures/Activities related to municipal code
- Comparison to competitive set
- Recent and ongoing work



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Board of Directors

Nicole Hohenstein, Chair	Levent Alkibay
Tim Kielpinski, Chair Elect	Amanda Bombard
Bryce Noll, CFO	Mesa Bradley
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	Steve Hoefs
	Bob Kennedy
	Jason Paret
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	Denise Radde
	Thomas Salinas
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Mission

To attract visitors and advocate for commerce on Catalina Island

Purpose (IRS)

To advance the general welfare and prosperity of the Santa Catalina Island area so that its citizens and all areas of its business community shall prosper. All necessary means of promotion shall be provided and particular attention and emphasis shall be given to the economic, civic, commercial, cultural, industrial and educational interests of the area.

Vision & Goals

Avalon and Catalina Island make up a community where tourism promotion and economic vitality are supported by residents, local businesses and civic leaders to

Ensure economic growth

Encourage conservation of precious resources

Be stewards for Catalina's unique character

Prepare for crisis or change

Establish/maintain ample finances

Be flexible and adaptive

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- FY Visitor Counts— 759,303 down from 1,024,614 = **-25.89%**
- FY TOT allocation to CICVB— Budget \$1,206,500 adjusted down to \$985,067 post pandemic (AA) and down from \$1,187,900 last year = **-17.08% or \$221,443**
- FY Tourism Driven Revenue-- \$10,891,627 down from \$11,614,040 = **-17.4%**
- ROI--**\$9.77** Direct to City of Avalon
- FY Hotel Occupancy—47.69% down from 62 % LFY = **-14.3%**
- FY TOT Allocation per visitor acquisition—\$1.30 (\$985,067/759,303 visitors) up from \$1.16 last year
- General Fund—55% from TOT (2019)
- Tax Savings per household--\$4,997 (2016)

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• Visitor Driven Revenue and Visitor Counts

Data from City of Avalon and CITA

	Vis Counts			TOT			Occupancy		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Jan	52,997	48,380	52,619	\$ 161,877	\$ 178,100	\$ 185,434	42.1	37.6	42.1
Feb	56,217	43,161	56,336	211,856	175,556	245,205	53.0	40.7	50.1
Mar	74,318	69,962	23,050	337,116	323,140	101,779	65.2	60.9	24.0
Apr	81,063	85,372	2,024	390,719	393,631	4,513	65.5	66.2	9.4
May	89,150	80,055	7,017	397,000	426,202	13,176	64.0	64.5	14.6
Jun	113,244	108,265	32,150	607,612	599,714	236,746	80.6	69.4	46.5
Jul	149,121	146,219	63,240	896,731	922,228	613,934	89.5	86.9	65.5
Aug	134,926	136,781	78,958	811,148	892,324		86.9	80.4	
Sep	101,449	98,425	71,078	591,808	614,488		71.6	64.5	
Oct	85,132	78,170		483,149	534,134		63.8	63.3	
Nov	60,276	70,162		302,564	323,092		54.3	50.2	
Dec	58,785	56,595		220,063	226,652		38.9	40.0	
Total	1,056,678	1,021,547	386,472	5,411,642	5,609,261	1,400,787	64.40	60.38	50.44

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- Visitor Driven Revenue Continued

Data from City of Avalon

	Admissions			CC Wharfage			CS Wharfage		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Jan	\$ 42,946	\$ 29,460	\$ 28,889	\$ 141,015	\$ 128,140	\$ 162,924	\$ 46,041	\$ 53,825	\$ 69,190
Feb	40,063	21,072	30,372	159,248	106,603	192,255	42,555	51,350	63,990
Mar	54,959	54,217	14,414	231,473	248,125	95,652	46,664	58,004	17,094
Apr	67,000	73,644	41	269,030	309,941	11,148	51,725	68,878	-
May	65,047	58,955	79	287,215	321,733	27,243	47,630	42,809	-
Jun	93,501	83,403	17,720	379,580	435,655	138,531	48,060	57,888	-
Jul	128,513	122,878	54,877	512,615	592,654	275,070	70,186	82,888	-
Aug	106,630	118,173		470,925	567,203		57,633	64,698	
Sep	70,091	77,554		344,028	392,685		50,990	64,908	
Oct	82,279	85,390		229,410	306,460		83,683	48,208	
Nov	47,591	46,534		190,175	246,542		38,603	66,894	
Dec	37,922	28,590		156,143	160,760		64,775	85,296	
Total	836,541	799,870	146,392	3,370,855	3,816,500	902,823	648,545	745,646	150,274

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City Requirements

- Section 3-2.101 of the ordinance that defines the City's allocation authorized:
- Each fiscal year there shall be an allocation from the General Fund of the City of a sum equal to twenty-two (22%) percent of the Transient Occupancy Tax collected pursuant to Article 4 of Chapter 2 of Title 3, but excluding therefrom Transient Occupancy Taxes collected from a hotel or resort project consisting of one hundred (100) or more rooms constructed after July 1, 2004, or a project constructed after July 1, 2004 pursuant to a development agreement providing for fee waivers by the City. The funds so allocated shall be used for promotion and music and provided in Government Code Section 37110.

CICVB Activity/Measure

- TOT funds \$985,100. *
- Total CICVB budget was \$1,890,900
 - 28.06% went to Salaries & Benefits*
 - Staff of 5 (reduced from 8)*
- Total Tourism Promotion was \$1,354,800. **
- Earned revenue was \$500,400. **
- Music related expenditures totaled \$11,000* for July – September 2019 Catalina Concert Series. Fundraising offset about 50% of the music related expenses.

*Amended mid-year for COVID impacts

**Audit Adjusted

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City Requirements

- Under section 3-2.102 of the city's ordinance specifics are called out as to how we expend the city's funds. The funds must be used exclusively for the promotion of the city. Also per the ordinance all unused funds not expended during the fiscal year, shall be returned to the City and placed in the general fund.
- The funds shall be expended by the Chamber of Commerce on behalf and to the satisfaction of the City as follows:
 - (a) To provide information services to the general public including responding to all communications and inquiries whether written, telephonic, person-to-person, or otherwise regarding the City of Avalon, its facilities for visitors, recreational and sporting events and other attractions;

CICVB Activity/Measure

- All \$985,100 funds received were expended and more. The FY Budget allocated expenses heavily in fall and winter, thus most expenses were incurred/obligated pre-COVID-19 impacts.
- We operated the Catalina Island Visitor Center 7 days a week until March closure, reopened in late May. Due to recent cuts the VC is now open 5 days a week. Last year our visitor and member services team answered 9,787 phone calls, over 5,000 travel inquiry emails and assisted over 19,346 walk-in travelers. In addition hundreds of social media generated traveler assists occurred.
- We work with multiple sporting events staged on the island and regularly engage with recreational activity enthusiasts on subjects including biking, hiking, camping and boating. Otillo was the last sporting event staged on island pre-COVID-19 shut downs

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City Requirements

CICVB Activity/Measure

- Section 3-2.102 continued

(b) To prepare and distribute to the public, the press, the tourism industry and any other interested category of persons articles, publications, press releases, correspondence, photographs, literature, historical information, and any other advertising and publicity material descriptive of the City and its advantages;

- We created 75,000 copies of the Catalina Island Visitors Guide, 175,000 copies of the Visitors Map. Distribution of guides and maps has been significantly impacted by COVID-19, so ongoing demand is reduced. We conducted media relations including over 100 pitches, 12 releases and hosting of 4 travel writers/influencers. 23 media leads processed. 18 consumer e-blasts were sent to about 140,000 subscribers. We also worked closely throughout the year with [VisitCalifornia](#) providing photos, blog content, hosting VIPs and more. We attracted 1,921 new subscribers to our e-newsletters, 10,303 online requests for visitor guides plus 2,673 digital guide downloads. Guides are also distributed on racks and at California Welcome Centers in addition to our own center. We attended 3 travel tradeshow and had one cancelled due to COVID-19.
- Our website enjoyed 1,373,452 visits by 1,059,263 users on 3,116,234 page views. Combined [Facebook](#) followers is 108,000 people with year-over-year growth for Facebook of 8%, while Instagram followers grew by 37%, [Twitter](#) grew by 7% and [LinkedIn](#) up by 66%. We posted 27 blogs resulting in 73,827 page views.

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City Requirements

- Section 3-2.102 continued
 - (c) To promote the City as a site for professional, business, and trade conventions and business meetings;

CICVB Activity/Measure

- We delivered 200 wedding RFPs and another 30 for groups of ten or more considering Catalina Island as a venue for their event or meeting. That's up from 191 RFPs last year. A group sales and marketing coop was slated to begin its new year in spring, but was suspended after the pandemic eliminated such gatherings. Upon approval to do so, group sales coop members will resume planning for marketing to meeting planners and incentive travel planners and hosting them on island familiarization trips. E-blasts targeting lists of meeting and event planners will also again be used to attract future island group business.
- We are members of [MPI](#) and [SITE](#) and work closely with them as well as [Discover Los Angeles](#) and other regional CVBs in drawing meetings and group events to the island.

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City Requirements

- Section 3-2.102 continued
 - (d) To perform such other activities as may be required by the City Council in order to promote the City.
- Section 3-2.103 Conditions of Expenditures.
Expenditures by the Chamber of Commerce of the funds provided by the City shall, in addition to the limitations set forth in Section 3-2.102 be subject to the following conditions:
 - (a) On or before the 1st day of November of each fiscal year, the Chamber of Commerce shall submit to the City a report containing an accounting of the use of funds provided by the City during the previous fiscal year, setting forth with particularity and in accordance with professional accounting standards the amount and nature of all such expenditures;

CICVB Activity/Measure

Other Activities

- Film Liaison services, 13 permits processed along with four scouts down from 27 and 10 respectively last year
- Bird abatement funding, \$36,777 contributed
- Hospital Consortium participation
- Water Consortium participation
- Events Committee participation
- COVID-19 microsite, visitor and member communications
- We are in compliance with audit submission and implemented additional GAAP standards for dues collection effective Fiscal Year 2019-20. Auditors stated there was significant deficiency; unredeemed gift certificates.
- Two footnotes on the audit related to COVID-19. One related to COVID-19 response and one on a Going Concern.

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City Requirements

- Section 3-2.103 continued
 - (b) Funds obtained by the Chamber of Commerce from the City shall not be used for political purposes or in a manner which unlawfully discriminates against any class or category of persons or businesses;
 - (c) The Chamber of Commerce shall make available to the City or its representative upon reasonable notice for examination, audit, or inspection all of its books, records, and accounts which in any manner relate to the expenditure of the City funds.

CICVB Activity/Measure

- We are in full compliance. Our bylaws strictly limit political action and in the event any action is undertaken, including hosting of a candidate forum, non TOT funds are used.
- Our audited financials are on file with the City and also available on our website. We report to [Guidestar](#) and this year achieved Gold Certification, providing assurance of transparency. We would willingly comply with any request to inspect our books and accounting related to City funds.



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Important Things We Do

- Research & Reporting
 - Visitor Profile
 - Tourism Supply & Demand
 - Capacity Lists
 - Monthly Visitor Stats
 - Annual Calendar of Events
 - Annual Cruise Ship Schedule
 - Annual School Year Calendars
- Professional Affiliations
 - Tourism & Cruise Industry Associations
 - Global Sustainable Tourism Council
 - Regional & State Chambers of Commerce/CVBs
 - California Film Office & FLICS
 - Main Street America

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Important Things We Do

- Free Online Accommodations Booking via BookDirect
 - 195,763 searches/143,962 referrals
- Blogs
- Social Media
- Micro Sites
 - CareForCatalina.com = 605 visits
 - CruiseToCatalina.com = 331 visits
 - FilmCatalina.com = 2,441 visits
 - COVID-19 Microsite = 116,595 visits
 - GoToCatalina partner site = 126,584 visits
- Events
 - C4C Community Clean-up Days = 40+ participants
 - Catalina Island Concert Series (paused)
 - Catalina Island Triathlon (postponed)
 - Taste Around/Restaurant Week (cancelled)
 - Shop Catalina =41 merchants last winter
 - New Year's Eve Gala = 625 guests but cancelled for this coming NYE
 - Support for non CICVB events

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• Competitive Set

Data from Smith Travel Research, CIVITAS and CITA

Location	TOT Rate	TBID Fees	Occ %			ADR			RevPAR			Tourism Promotions Budget
			2018	2019	2020 YTD	2018	2019	2020 YTD	2018	2019	2020 YTD	
Palm Springs, CA	13.5%	3% H/1% VR	61.6	61.7	45.3	170.72	177.14	156.77	105.19	111.45	71.09	\$ 17,000,000.00
Santa Barbara/Santa Maria, CA	11%/12%	\$1 to \$7 night	70.6	69.2	47.9	189.53	212.02	189.78	133.83	150.50	90.96	\$ 5,700,000.00
San Diego, CA	10.5%	2% H +75	78.7	76.7	50.9	166.30	172.32	134.14	130.93	136.08	68.23	\$ 41,000,000.00
Newport Beach/Dana Point, CA	10.0%	3.0%	72.6	73.9	47.8	226.21	232.05	213.06	164.29	174.03	101.82	\$ 4,500,000.00
Huntington Beach, CA+	10.0%	4.0%	74.7	75.1	49.8	211.10	222.13	189.47	157.69	171.59	94.33	\$ 5,000,000.00
Monterey/Salinas, CA	15.3%	.50 to \$2.50 night	73.0	72.4	48.2	215.06	235.85	175.66	156.97	175.34	84.71	\$ 4,307,000.00
Anaheim/Santa Ana, CA	15.0%	2.0%	77.5	78.1	46.1	162.05	166.95	141.29	125.65	131.05	65.13	\$ 17,500,000.00
San Francisco/San Mateo, CA	14.0%	1% to 2.5%	81.9	82.0	44.3	241.33	252.82	190.93	197.72	209.81	84.51	\$ 25,000,000.00
Santa Monica/Marina Del Rey, CA	14%/12%	\$1.50 to \$5.25 night	85.5	82.5	42.4	319.59	327.07	266.25	273.10	275.89	112.89	\$ 4,800,000.00
Avalon, CA	12.0%	0.0%	64.4	60.3	50.4		184.91	166.83		146.84	87.56	\$ 1,200,000.00

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Fiscal Year 20-21 in process

- Digital Visitor Guide vs. Print
 - Current inventory will be distributed till exhausted
- Pocket map on hold
 - Current inventory will be distributed till exhausted
- Roam Wild digital campaign
- Media Relations
- Micro Site
 - Island Connectivity
- Events
 - Shop Catalina (upcoming)
 - New Year's Eve Gala cancelled
 - Support for non CICVB events
 - Partnerships and online events under development
- Ongoing conservative use of funds
- Additional funding sources being pursued

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Thank You

Jim Luttjohann, President/CEO

