



---

# MEMORANDUM

---

Date: January 25, 2018

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator 

Re: **Tourism Growth and Revenue Performance during the NOVA Home Loans 2017 Arizona Bowl**

The Board of Supervisors recently received Visit Tucson's Second Quarter Report based on their contract with Pima County to provide tourism marketing and support. The report is self-explanatory but several components require emphasis.

Specifically, the revenue per available room-night was up 13.5 percent over the previous year. This region led 15 comparable city regions in occupancy and revenue growth. More importantly, sports and tourism growth grew dramatically during the Arizona Bowl. As you will recall, the County contributed \$40,000 to offset the expenses related to this effort. The revenue per available room-night grew 27 percent during the Arizona Bowl and occupancy increased by 46 percent on game night, compared to the previous year's game night.

It is important to understand that increased hotel occupancy leads to increased hotel bed tax revenue demonstrating growth and recovery of the tourism sector. This hotel bed tax growth translates to an approximate \$800,000 increase in future fiscal years. This significant growth in tourism validates the work of Visit Tucson. It also validates the Board's decision to invest in sporting venues, including the Arizona Bowl, the Kino Sports South Complex and a new visitors center at the Historic Pima County Courthouse.

Finally, we have also been made aware of substantial under revenue payments by the Arizona Department of Revenue (AZDOR) to the City of Tucson in their transient-occupancy tax collections. The payments received by the City are less than last fiscal year, yet the revenue increase was documented to increase by 8.7 percent. The result of this underpayment by AZDOR has resulted in a substantial additional payment to the City of Tucson. The County also believes our revenues have been significantly underpaid by the AZDOR and have initiated a review and potential legal process to recover the actual revenues due Pima County.

CHH/anc

## Attachments

c: Jan Leshar, Chief Deputy County Administrator  
Diane Frisch, Director, Attractions and Tourism  
Brent DeRaad, President and CEO, Visit Tucson



**Visit Tucson’s Second Quarter (October – December 2017) Report to Pima County  
 January 2018**

Supervisor Sharon Bronson, District 3  
 Supervisor Steve Christy, District 4  
 Chair Richard Elias, District 5  
 Supervisor Ally Miller, District 1  
 Supervisor Ramon Valadez, District 2  
 County Administrator, Chuck Huckelberry  
 Chief Deputy County Administrator, Jan Leshner  
 Director of Attractions & Tourism, Diane Frisch

**Overview**

Thank you for investing in Visit Tucson! We greatly appreciate the opportunity to be the destination marketing organization for Pima County. Visit Tucson is the sole organization responsible for marketing Pima County and southern Arizona as a premier travel and meetings destination to national and international target audiences, including leisure visitors, meeting and incentive planners, travel agents, tour operators and travel media.

Before a visitor or meetings group decides where to stay in Pima County, they must first choose Tucson over competitive destinations. Visit Tucson staff works to land as many of these visitor and group dollars as possible in Pima County, while allowing its partner hotels, resorts, golf courses, restaurants, etc., to market themselves to these customers via Visit Tucson’s website and collateral materials.

According to statistics compiled by Dean Runyan Associates for the Arizona Office of Tourism (June 2017), tourism has the following annual impacts on metro Tucson:

- \$2.2 billion in travel spending
- 24,700 jobs
- \$83 million in local tax receipts

**County Investment in Visit Tucson & Return on that Investment**

On June 20, 2017, the Pima County Board of Supervisors approved a maximum contract amount of \$3,595,000 for destination marketing services with Visit Tucson for the 2017-18 fiscal year. Payments are made throughout the fiscal year to Visit Tucson and equal half of the County’s bed-tax collections up to, but not to exceed, the contract amount.

Visit Tucson generated \$213 million in economic impact during the past year. Divided by its \$8.8 million budget in 2016-17, the organization generates \$24 for every \$1 invested in Visit Tucson.

<b>Visit Tucson’s 2017-18 Budgeted Revenue</b>	<b>Budget</b>	<b>Percentage</b>
City of Tucson:	\$4,610,123	50%
Pima County:	\$3,465,882	38%
Town of Oro Valley:	\$275,000	3%
Pascua Yaqui Tribe:	\$75,000	1%
Tohono O’odham Gaming Enterprise:	\$75,000	1%
Private Sector:	<u>\$733,330</u>	<u>8%</u>
<b>Total:</b>	<b>\$9,234,335</b>	<b>100%</b>

**FREE YOURSELF.**

**Visit Tucson’s 2017-18 Second Quarter Report to Pima County**  
**Page 2**

**Metro Tucson Leads Comp Set with 13.5% RevPAR Increase in 2017**

- Metro Tucson hotels and resorts had an incredible 2017 posting a 13.5% increase in revenue per available room over 2016.
- Regarding percentage increase, Visit Tucson led its 15-city comp set in occupancy (6.1%), RevPAR (13.5%) and room revenue (11.9%).
- We self-selected a comp set that includes Phoenix, Scottsdale, Albuquerque, Palm Springs, San Diego, San Francisco, Portland, Denver, Las Vegas, Seattle, San Antonio, Santa Fe, Colorado Springs and Austin.
- Occupancy was nearly flat or dropped in every market, except Albuquerque (+4.4%).
- Most comp set cities grew rate in 2017 at between 3% and 4%.

	<u>Occupancy</u>	<u>Average Daily Rate</u>	<u>Revenue Per Available Room</u>	<u>Occ Inc</u>	<u>ADR Inc</u>	<u>RevPAR Increase</u>
Dec 2017	56.6%	\$98.72	\$55.91	7.0%	5.7%	13.1%
Nov 2017	62.3%	\$103.94	\$64.75	8.9%	1.7%	10.8%
October 2017	64.1%	\$110.86	\$71.06	9.1%	2.6%	11.9%
Sept 2017	56.6%	\$96.03	\$54.38	6.8%	3.7%	10.8%
August 2017	56.8%	\$80.73	\$45.86	6.9%	-2.4%	4.4%
July 2017	57.2%	\$79.48	\$45.47	1.5%	3.2%	4.7%
June 2017	60.4%	\$82.30	\$49.74	10.6%	3.0%	13.9%
May 2017	59.4%	\$99.69	\$59.26	7.5%	4.0%	11.8%
April 2017	68.3%	\$107.49	\$73.40	7.4%	3.6%	11.3%
March 2017	79.1%	\$119.90	\$94.80	3.6%	7.1%	11.0%
Feb 2017	78.9%	\$130.01	\$102.63	4.2%	4.4%	8.8%
January 2017	65.3%	\$112.96	\$73.80	3.8%	7.9%	12.0%
<b>Total:</b>	<b>63.7%</b>	<b>\$106.44</b>	<b>\$67.76</b>	<b>6.1%</b>	<b>7.0%</b>	<b>13.5%</b>

Source: STR, Jan. 18, 2018

**Holiday Showcase in Chicago Reaches 1,000 Meeting Planners**

- Visit Tucson national sales manager Mary Meade promoted Tucson at the Association Forum’s Holiday Showcase Tradeshow in Chicago on Dec. 14. This tradeshow is widely considered to be the industry’s best and most highly attended one-day trade show for Chicago’s multi-billion dollar meetings and events market, with more than 1,000 meeting professionals in attendance.
- Visit Tucson was joined by our partners Westin La Paloma Resort & Spa and JW Marriott Tucson Starr Pass Resort & Spa.
- The Tucson booth was very popular and the show was successful in connecting Visit Tucson with the Chicago area meeting planners, resulting in three leads and three potential leads.

**Tucson Sports Wins SportsEvents 2018 Readers’ Choice Award**

- Congratulations to Jeffrey John and the Tucson Sports team for winning the SportsEvents Magazine’s 2018 Readers Choice Award.
- This honor is being recognized in SportsEvents Magazine’s January 2018 issue. The 2018 awards issue highlights 50+ award-winning destinations and venues for youth and amateur sports.
- Read the announcement and full winner list at <http://sportseventsmagazine.com>.

**FREE YOURSELF.**

## Visit Tucson's 2017-18 First Quarter Report to Pima County

### Page 3

#### October Sales Missions

Visit Tucson's sales team aggressively sold the region during several sales missions in October:

- IMEX America– Oct. 9-12, Las Vegas - The IMEX trade show for incentive travel, meetings, and events is Visit Tucson's largest trade show of the year. Pamela Traficanti and Brooke Sauer, two of our national sales managers, attended with partners from JW Marriott Tucson Starr Pass Resort & Spa, The Westin La Paloma and Loews Ventana Canyon. Tucson representatives initiated 375 contacts and held 62 individual client meetings during the two-and-a-half-day event that had more than 3,200 qualified meeting and event planners in attendance. IMEX America is Visit Tucson's largest outbound trade show each year and continues to produce a high volume of qualified leads resulting in definite bookings for the region.
- 4S Summit - Oct. 9-11, Detroit – 4S Summit, hosted by the National Association of Sports Commissions, is an educational and best practices summit with round table discussions among industry peers. Sports Manager Jeffrey John participated on behalf of Visit Tucson.
- Connect Faith – Oct. 24-26, Cincinnati - RoxAnne Erickson, national sales manager, met with religious meeting planners at Connect Faith, an appointment-only trade show that brings together the most active planners, suppliers, and experts in faith-based meetings, conferences and events.
- AzMPI EduCon – Oct. 27-29, Flagstaff – Pamela Traficanti, national sales manager, served on the planning committee and participated in the annual weekend of educational sessions for the Arizona Sunbelt Chapter of Meeting Professionals International, hosted by the Flagstaff Convention & Visitors Bureau. Joining Pamela were partner hotels Casino Del Sol and El Conquistador Tucson. Approximately 60 meeting planners and suppliers attended.
- Destination Arizona/M&C Northstar Meetings Group – Oct. 29-31, Chandler – This event connects approximately 30 meeting planners from around the country with premier suppliers throughout Arizona during pre-scheduled one-on-one business appointments. Hotel partners Casino Del Sol and El Conquistador Tucson joined Pamela Traficanti, Visit Tucson national sales manager, in selling Tucson and southern Arizona. This was the eighth year Visit Tucson has attended and hosted the final day luncheon with a presentation about the region. We are working on hosting the 2018 event in Tucson.
- TEAMS – Oct. 30-Nov. 3, Orlando – TEAMS is the world's leading conference and expo for the sports-event industry. Visit Tucson Sports Manager Jeffrey John attended TEAMS to establish new relationships and find sports events that are compatible with our facilities. Jeffrey met with approximately 30 prospective rights holders/event owners.

#### Skift's Tucson Meeting Videos are Live

- Visit Tucson partnered with SkiftX, Skift's creative strategy and content marketing group, to push metro Tucson destination content to meeting planners throughout the globe.
- Skift produced a resort video which was launched at our annual meeting in June.
- Skift recently completed two additional videos, including a [downtown video](#) to demonstrate unique meeting opportunities and off-site events and dinners in downtown, and a [food video](#) touting how Tucson's food scene is winning over meeting planners.
- Skift included the downtown video in its Oct. 13 daily newsletter, which is read by thousands of travel industry and meetings subscribers throughout the world.

**Visit Tucson's 2017-18 First Quarter Report to Pima County**  
**Page 4**

**Visit Tucson & Area Resorts Host East Coast Meeting Planners**

- Visit Tucson's sales team, along with seven local hotels and resorts, hosted 13 East coast meeting planners Nov. 12-15 for a familiarization tour of Tucson and Southern Arizona. Customers included representatives from HelmsBriscoe and Prestige, plus top corporate and association planners.
- Joy Johnson, a national sales manager for Visit Tucson, took the lead for us since the East coast is her geographic market. Participating partners included: AC Hotel Tucson Downtown; Arizona-Sonora Desert Museum; DeGrazia Gallery; El Conquistador Tucson, A Hilton Resort; JW Marriott Tucson Starr Pass Resort & Spa; Loews Ventana Canyon Resort; Maynards Market & Kitchen; Omni Tucson National Resort; Sabino Canyon; Westin La Paloma Resort; and Westward Look, which provided accommodations for the customers.
- We have found through the years that bringing meeting planners to Tucson and Southern Arizona on familiarization tours and individual site visits is the most effective way to book meetings in our destination.



*East coast meeting planners explored Sabino Canyon during the Nov. 12-15 FAM of Tucson and Southern Arizona.*

**Condé Nast Traveler Ranked Tucson-area Hotels Among the Top in Southwest**

- Condé Nast Traveler announced the results of its 30th annual Readers' Choice Awards, which rank the best hotels, resorts, cities, islands, airlines, airports and cruise lines in the world. More than 300,000 readers submitted millions of ratings and tens of thousands of comments.
- Congratulations Arizona Inn for ranking #10 in Condé Nast Traveler's [Top Hotels in The Southwest and West: Readers' Choice Awards 2017](#).
- Arizona properties took the top five spots on the [Top Resorts in Texas and the Southwest](#) list, with Tanque Verde Ranch ranking #5.

**Visit Tucson's 2017-18 First Quarter Report to Pima County**  
**Page 5**

**RevPAR Grew 27% During NOVA Home Loans Arizona Bowl Week**

- New Mexico State and Utah State squared off in the NOVA Home Loans Arizona Bowl, Dec. 29, at Arizona Stadium, with New Mexico State winning 26-20. The game was televised by the CBS Sports Network cable channel.
- The outstanding performance of the NOVA Home Loans Arizona Bowl, particularly the estimated 20,000-25,000 New Mexico State fans who traveled to Tucson to watch their team play in their first bowl game in 57 years, made an incredible difference in December lodging performance.
- Visit Tucson ordered a metro Tucson daily lodging breakout from STR for seven nights—Dec. 25-31, 2017—and compared hotel occupancy, average daily rates, revenue per available room (RevPAR) and total room revenue against those same seven nights in 2016.
- Hotel occupancy increased 12.3% this year, led by 45.9% growth on game night, Dec. 29, 2017, in comparison to the prior year's game night, Dec. 30, 2016.
- The final week of 2017 saw 13.1% growth in hotel rates in comparison to 2016, with a 15.3% hotel rate increase for 2017 game night versus 2016 game night.
- Revenue per available room (RevPAR) is a function of occupancy and rates and is widely viewed as one of the top indicators of hotel profitability. RevPAR was up 27% in metro Tucson from Dec. 25-31, 2017 as compared to that same week as 2016. Game night RevPAR grew 68.2% over 2016.
- Total hotel room revenue grew by 26.8% in 2017, with a 67.8% increase 2017 game night versus 2016 game night.

**Sun Corridor Inc.'s Valuable Chicago Site Selector Visits**

- Visit Tucson's President & CEO, Brent DeRaad, participated in Sun Corridor Inc.'s visits with site selectors in Chicago on Nov. 2.
- The process is similar to Visit Tucson working with third-party meeting planners. Those planners find out what's most important to the companies with which they're working and bid meetings to hotels/resorts only in those cities that fit the criteria.
- It's the same with site selectors. They're data driven and analyze cities based on what is most important to companies that are looking to relocate or expand.
- Visit Tucson and Sun Corridor Inc. make a difference by meeting with these decision-makers to create awareness and interest in our region. We can then further that interest and close deals by bringing them to Tucson and Southern Arizona to experience it first-hand.
- Twenty Sun Corridor Inc. staff, board members and other participants split into multiple groups to engage in more than a dozen meetings on Nov. 2.
- The site selectors were impressed to see such strong community support for corporate expansion and relocation and were impressed with our region's recent successes, including Raytheon's expansion and the relocation of Caterpillar's surface mining division to Tucson.
- Regular visits to site selectors in Chicago, New York, Boston and other cities, combined with follow-up and trips to our region, will unquestionably pay off with targeted companies/sectors expanding and relocating into Tucson and Southern Arizona.

## Visit Tucson's 2017-18 First Quarter Report to Pima County Page 6

### Tucson Ranked 21<sup>st</sup> On Up-and-Coming List

- In an October Time magazine article ranking [up-and-coming cities in the U.S.](#), Tucson ranked 21<sup>st</sup> overall. Tucson ranked 4<sup>th</sup> in food and in the top 30 in a few other categories, as well.

### Visit Tucson's Tourism Department Meets with Tour Operators in London and Barcelona

- Jackie Ludwig, Visit Tucson's director of tourism, traveled to London for World Travel Market, Nov. 6-8, where she conducted 30 appointments with European tour operators and travel companies.
- World Travel Market is the leading global event for the travel industry, attracting a global audience with 51,000 travel professionals, key industry buyers, journalists, digital influencers, students and tourism Ministers.
- Jackie Ludwig also traveled to Barcelona for IBTM World, Nov. 28-30. Visit Tucson, Experience Scottsdale and the Best Western Squire Inn Grand Canyon shared the Arizona Tucson/Scottsdale booth and conducted 35 pre-scheduled appointments at the tradeshow.
- IBTM World is the leading European incentive and meetings tradeshow with more than 15,000 industry professionals in attendance. It is a strong lead generating tradeshow for Tucson and Arizona with smaller long-haul incentives.

### Vamos a Tucson Mexican Baseball Fiesta, Oct. 5-8

- Our Mexico Marketing department, Vamos a Tucson, was the title sponsor again this year of the Vamos a Tucson Mexican Baseball Fiesta, which was held Oct. 5-8 at Kino Stadium.
- The games attracted more than 15,000 spectators and filled nearly 1,300 room nights.

### Tourism Department Partners with UA Global Initiatives

- Visit Tucson's tourism department partnered with the University of Arizona Office of Global Initiatives in October for an International Family Weekend event held prior to the UA football game against UCLA. There were approximately 75 international students in attendance from India, Germany, China and Mexico.
- It was an opportunity for Visit Tucson to mingle with the students and share information about our attractions and restaurants, while also giving each student a Tucson Attractions Passport to explore the region's numerous attractions.

### Visit Tucson Provided Live Stream of All Souls Procession

- For the third consecutive year, a live stream of the All Souls Procession was broadcast on [www.visittucson.org](http://www.visittucson.org), on Sunday, Nov. 5.
- Leslie Epperson narrated the proceedings and interviewed participants and attendees.
- The event attracts tens of thousands of spectators and parade participants annually.

### Elected Official Panel at Nov. 29 Tucson Tourism Trends Breakfast

- Visit Tucson's second quarter Tucson Tourism Trends breakfast on Nov. 29 featured a panel of elected officials, including Tucson Mayor Jonathan Rothschild, Oro Valley Mayor Satish Hiremath, and Sharon Bronson, Chair of the Pima County Board of Supervisors.
- More than 80 Visit Tucson partners joined us for the panel discussion.

## Visit Tucson's 2017-18 First Quarter Report to Pima County Page 7

### Tucson Featured in Dec. 2 *Wall Street Journal*

- Visit Tucson purchased a quarter-page ad to anchor a small advertorial display about the Tucson region, which ran in the "Off Duty" section of the *Wall Street Journal* Saturday, Dec. 2.
- The advertorial copy featured our dining scene and outdoor adventure activities.
- We are excited to promote Tucson and Southern Arizona as outstanding places to live, work, play and visit.

### Visit Tucson Among Travel Leaders Supporting Airport Infrastructure Improvements

- 145 travel organizations, including Visit Tucson, from 38 states have signed a letter urging Senate and House leaders to support infrastructure improvements to U.S. airports.
- The letter was spearheaded by the U.S. Travel Association and urges lawmakers to support a bill passed by the Senate (FY 2018 THUD) that would allow airports to raise more of their own capital at the local level through an existing user fee, the Passenger Facility Charge.
- You can read the letter to the House [here](#) and to the Senate [here](#).

### Travel Classics West

- Travel Classics West, an intimate conference where travel writers and editors get together for panel discussions, one-on-one pitching appointments, and networking, was held at the Westin La Paloma, Nov. 16-19.
- Mary Rittmann, our senior director of public relations & communications, invested hundreds of hours working with Travel Classics operator Maren Rudolph and assembling the many details that go into staging a conference for some of the world's most discerning travel media.
- This conference wouldn't have been possible without the support of key sponsors including the Arizona Office of Tourism, Westin La Paloma, Canyon Ranch, Miraval and Loews Ventana Canyon.
- In attendance were 42 travel writers and 18 editors including editors from *AFAR*, *National Geographic Traveler*, *Robb Report*, *Sierra*, several in-flight publications (*American Way*, *Hemispheres*, *Delta Sky* and *Southwest Magazine*) and more.
- Of the 60 attendees, 24 extended their stay at properties throughout metro Tucson including Loews Ventana Canyon Resort, JW Marriott Tucson Starr Pass Resort & Spa, Westin La Paloma Resort & Spa, Hacienda Del Sol Guest Ranch Resort, Arizona Inn, AC Hotel Tucson Downtown, Miraval, Canyon Ranch, White Stallion Ranch, Tanque Verde Ranch and Rancho de la Osa.
- All conference attendees enjoyed the opportunity to explore Tucson at off-site dinners at the Arizona-Sonora Desert Museum on Friday night and the AC Hotel Tucson Downtown (reception) and Borderlands Brewing Company (dinner) on Saturday night. Cochise County sponsored lunch on Friday which was held at the nearby Hacienda Del Sol Guest Ranch Resort.
- We anticipate most PR coverage generated from this conference will appear in the next 12-18 months. Several writers in attendance have already secured assignments for Tucson articles and others are trying to sell stories after their informative and enjoyable visits.

## Visit Tucson's 2017-18 First Quarter Report to Pima County Page 8

### Vamos a Tucson Reaches 3,000 Consumers at Sonora Trade Show

- In November, Visit Tucson/Vamos a Tucson and seven partners participated in the EXPO Industrial 2017 in Hermosillo, Sonora.
- This two-day consumer trade show showcased Tucson to the 3,000 attendees at one of the most important industrial expos of northern Mexico.

### Tucson Conquistadores Classic Secures Cologuard as Title Sponsor

- Tucson Conquistadores worked with the PGA TOUR to sign on Cologuard as the title sponsor of what is now known as the Cologuard Classic, a Tucson PGA TOUR Champions event.
- Cologuard is a non-invasive at-home colon cancer screening test. It will serve as the event's title sponsor for the 2018-20 events in Tucson.
- With Cologuard's involvement, the event will move two weeks earlier to February 26-March 4, 2018. The event will continue to be contested at Omni Tucson National's Catalina Course and will be televised once again on the Golf Channel, March 2-4.
- Visit Tucson is a sponsor of the event and, among other benefits, we receive 14 30-second commercials during the event telecasts to promote golf in Tucson and Southern Arizona.

### November Was a Busy Month for Visit Tucson Travel Advertising

- As the temperatures get colder throughout the nation, our travel marketing heats up. We ran 40 ads and associated components in November to impact our January-April peak travel season.
- Our leisure travel research plays a major role in determining where we advertise and when. Phoenix, Los Angeles, Chicago, San Francisco and New York are our top feeder markets. Typically, the further the distance traveled, the longer the lead time on travel bookings. New York customers often book Tucson trips six-to-eight weeks in advance, while Phoenicians often book only one-to-two weeks out.
- Following are just a few of the top Visit Tucson advertising placements that ran in November:

**ADARA:** general leisure campaign with multiple banners, pre-roll, and Facebook posts (in collaboration with American Airlines). We targeted the following cities: Chicago, New York, Los Angeles, San Francisco/San Jose and Dallas, with run dates in November and December 2017.

**AZ Central Food & Wine Experience:** Visit Tucson operated a booth at this Scottsdale food festival on Nov. 4-5 and included El Charro Café and PY Steakhouse. The amazing Carlotta Flores conducted cooking demonstrations and provided El Charro samples, as did Chef Ryan Clark of Casino Del Sol's PY Steakhouse. We augmented this activation with a social media and public relations campaign.

**Boingo:** In October and November, we ran Tucson videos at the Chicago O'Hare, Los Angeles International and Dallas/Forth Worth International Airports.

**LA Magazine:** We ran a full-page ad and 200-word advertorial in the magazine; sent a dedicated Visit Tucson email to their digital subscribers; ran numerous website banners; and ran sponsored content and social media posts.

**TripAdvisor:** We ran a campaign in our top feeder markets in November and December featuring Tucson and Southern Arizona content, video and web banners.

## Visit Tucson's 2017-18 First Quarter Report to Pima County Page 9

### December Marketing Campaigns

Visit Tucson's marketing department launched several new campaigns in December:

- Promoting nonstop air-service from Minneapolis and Austin to Tucson.
- Cold-weather campaigns in key markets, including New York, Chicago, Minneapolis and Toronto.
- Targeted social media campaign to promote the NOVA Home Loans Arizona Bowl.
- Sweepstakes campaign to promote the 2018 Cologuard Classic.

### Resonance Names Tucson as One of the World's Top 100 Cities

- What do Rio de Janeiro, Shanghai and Glasgow have in common? They all ranked behind Tucson in Resonance's World Best Cities 2018 list released in October.
- Tucson ranked 89<sup>th</sup> and was one of two Arizona cities (Phoenix is ranked 70<sup>th</sup>) on the list of 100 best cities in the world. Click [here](#) for the entire list.
- The analysis on Tucson is positive and generally accurate. Click [here](#) to read the review. We were gratified to have metro Tucson score so highly when it comes to promotion.

### Germany & Switzerland Media Missions

- December 4-8, Mary Rittmann, senior director of PR & communications, traveled to Germany and Switzerland on a media mission coordinated by the Arizona Office of Tourism. Germany is Arizona's top overseas market when measured by visitor numbers. Other destinations represented were Scottsdale and Phoenix.
- During the five-day mission, Mary met with 35 journalists, editors and freelancers in the German-speaking markets of Zurich, Hamburg and Munich. Key targets included publications for educated women in upper income brackets such as *Elle*, *Vogue* and *Bolero*. Mary also met with several high circulation national and regional newspapers and publishing houses producing multiple titles.
- Interest in Arizona and Tucson was strong with several freelancers anxious to secure assignments and travel on a press trip in spring 2018.

### Second Quarter Film Production Activity

- Film Tucson generated nearly \$3 million in film-related direct spending during the first half of the fiscal year (July-December 2017).
- Canada's Spark Productions recently filmed a Komatsu commercial over five days at the Asarco mine in Sahuarita. The commercial generated 50 room nights at Staybridge Suites Tucson and a direct spending of approximately \$125,000. Film Tucson assisted with location logistics and local crew recommendations. Komatsu is a heavy equipment supplier to the mining industry.
- A new Netflix documentary titled THE CURTAIN FALL began filming in Tucson in late December. The story centers on a Holocaust survivor now living in Tucson. With support from Film Tucson, the production filed permits, hired a number of local crew, and closed a financing deal with our largest production service company, Monsoon Production Services.

VISIT TUCSON  
PIMA COUNTY PERFORMANCE MEASURES  
1/19/2018  
SECOND QUARTER REPORT (October-December, 2017)



KEY MEASURES OF PERFORMANCE	Q1 17-18	Q2 17-18	YTD 17-18	17-18 Goal	16-17 Actual	YTD 16-17
<b>Marketing</b>						
Social media engagement*	87,323	159,783	247,106	450,000	N/A	N/A
Users to Visit Tucson website**	215,546	310,455	515,716	1,207,058	1,258,412	466,440
<b>Public Relations</b>						
Generate media coverage -- value	\$7,730,435	\$8,240,003	\$15,970,438	\$25,000,000	\$30,600,000	\$19,131,955
<b>Sales</b>						
Bookings	75	108	183	317	311	168
Room nights	33,786	65,718	99,504	177,623	174,140	107,438
TCC room nights (meetings & sports)	140	31,500	31,640	34,953	34,268	33,680
Economic Impact	\$11,548,948	\$30,046,202	\$41,595,150	\$65,812,910	\$64,522,461	\$43,367,079
<b>Services</b>						
Number of meetings serviced	60	55	115	301	295	74
<b>Sports</b>						
Bookings	8	21	29	55	54	24
Room nights	2,047	15,288	17,335	41,961	41,138	13,401
Economic Impact	\$1,013,894	\$2,555,401	\$3,569,295	\$15,503,854	\$15,199,857	\$6,083,944
<b>Mexico Trade &amp; Marketing</b>						
Attract consumers to Sonora tradeshows	500	3,500	4,000	9,050	8,872	2,122
Consumers engaged on the Vamos Facebook page	978,941	1,260,661	2,239,602	5,766,672	5,653,600	N/A
<b>Tourism</b>						
Travel professionals trained/educated	74	278	352	1,575	2,091	1,612
Tour operator brochure impressions	272,700	2,530,500	2,803,200	4,000,000	7,900,000	5,829,600
<b>Film</b>						
Projects booked and aided	10	13	23	56	60	32
Direct spending	\$1,526,764	\$1,429,134	\$2,955,898	\$11,000,000	\$11,031,008	\$7,904,553
<b>PERFORMANCE INDICATORS</b>						
Occupancy	56.9%	61.0%	58.9%	N/A	N/A	62.0%
Average Daily Rate	\$85.41	\$104.51	\$94.96	N/A	\$98.40	\$98.40
Revenue Per Available Room	\$48.57	\$63.91	\$56.24	N/A	\$62.27	\$62.27
Pima County Bed-Tax Collections***	\$1,211,879	\$1,180,970	\$2,392,849	\$7,531,764	\$6,810,303	\$6,810,303
Tucson Bed-Tax Collections + \$4/night Surcharge****	\$3,848,610.00	\$4,399,956	\$8,248,566	\$18,000,000	\$16,865,006	\$16,865,006
Oro Valley Bed-Tax Collections	\$280,144	not yet reported	\$280,144	\$1,000,000	N/A	N/A
Tucson International Airport Passenger Traffic	764,789	902,079	1,666,868	N/A	3,376,303	3,376,303

\*17-18 goal updated from "reach" to "engagement"  
 \*\* recalculated based on date range, not month by month, and users instead of visitors. YTD totals are by date range, not adding quarters, which eliminates duplicate users.  
 \*\*\* Projection.  
 \*\*\*\* City's 2017-18 collections reflect June 2017 through May 2018--one-month reporting lag



Dec. 21, 2017

Mr. David Briant  
Director  
Arizona Department of Revenue  
1600 W. Monroe St.  
Phoenix, AZ 85007

Mr. Briant,

I am inquiring about a substantial reduction in transient-occupancy tax revenue collected from Tucson hotels and resorts since the Arizona Department of Revenue (ADOR) took over those collections from the City of Tucson on Jan. 1, 2017.

Per STR Analytics, which monitors hotel activity in all 50 states and numerous nations, metro Tucson completed the 2016-17 fiscal year with an 8.7% increase in hotel room revenue. Conversely, transient-occupancy tax revenue for the City of Tucson declined 1.3%.

The City of Tucson's transient-occupancy tax collections were similar to STR's reported increases for the first six months of the fiscal year, but plummeted after ADOR took over collections in January, with one volatile increase in May 2017.

#### City of Tucson Transient Occupancy Tax Collections—2016-17

	<u>% Increase</u>	<u>STR-Room Revenue Increase</u>
July 2016	4.2%	7.4%
August 2016	8.3%	7.0%
September 2016	6.2%	8.5%
October 2016	6.7%	6.2%
November 2016	7.1%	7.2%
December 2016	25.1%	6.6%
January 2017	-11.4%	10.2%
February 2017	-38.3%	7.1%
March 2017	-10.5%	10.2%
April 2017	-18.2%	10.5%
May 2017	63.3%	10.7%
June 2017	-7.1%	12.9%
<b>Total:</b>	<b>-1.3%</b>	<b>8.7%</b>

Yellow indicates months where ADOR collected transient-occupancy tax collections for the City of Tucson

I can only imagine how difficult it is to manage the state's revenue collections, especially after having to lay off 52 employees in June 2016 due to budget constraints.

I am hopeful, however, that there is someone on your team who can aid me with determining why these collections dropped so dramatically in the midst of outstanding performance by Tucson's lodging industry.



**Mr. David Briant**  
**Arizona Department of Revenue**  
**Page 2**

Per A.R.S. 9.500.06, we at Visit Tucson receive a minimum of 33% of the City's transient-occupancy tax collections due to the City increasing its transient-occupancy tax rate from 4% to 6% more than a decade ago. Had Tucson's 2016-17 transient-occupancy tax collections matched STR's 2016-17 performance numbers, it would have generated an additional \$300,000 for our budget in this current 2017-18 fiscal year.

There may be a logical explanation for the transient-occupancy tax revenue variance. I am simply seeking to understand your collections process so that we can better budget and develop our program of work in future years to market Tucson and Southern Arizona to potential visitors, along with meeting planners, travel agents, tour operators, sports event organizers, film decision-makers and travel media.

Thank you in advance for connecting me with the appropriate person on your staff who can help me better understand your collections process.

Best Regards,

Brent DeRaad  
President & CEO  
Visit Tucson  
100 S. Church Avenue  
Tucson, AZ 85701  
[bderaad@visittucson.org](mailto:bderaad@visittucson.org)  
(520) 770-2149

cc: ~~Mr. Barry Aarons, Owner, The Aarons Company~~  
The Honorable Steve Yarbrough, Senate President, Arizona State Senate  
The Honorable J.D. Mesnard, Speaker of the House, Arizona House of Representatives  
The Honorable David Farnsworth, Finance Committee Chairman, Arizona State Senate  
The Honorable Michelle Ugenti-Rita, Ways & Means Committee Chair, Arizona House of Representatives  
The Honorable Katie Hobbs, Minority Leader, Arizona State Senate  
The Honorable Rebecca Rios, Minority Leader, Arizona House of Representatives

**City of Tucson's 2016-17 Bed-Tax Collections**  
**Updated: Jan. 4, 2018**

	<b>Initial Reporting</b>	<b>Dec. 29, 2017 Reporting</b>
<b>Total Base Collections</b>	<b>\$10,209,303</b>	<b>\$11,079,644</b>
City (66%)	\$6,738,140	\$7,312,565
Visit Tucson (34%)	\$3,471,163	\$3,767,079
<b>Total Surcharge Collections</b>	<b>\$6,655,703</b>	<b>\$7,547,046</b>
City (1 <sup>st</sup> \$2)	\$3,327,852	\$3,773,523
City (amount to hit \$9.4 million total)	\$2,661,860	\$2,087,435
City (50% of remainder)	\$332,996	\$843,044
Visit Tucson (50% of remainder)	\$332,995	\$843,044
<b>Visit Tucson Funding</b>		
34% of base	\$3,471,163	\$3,767,079
Surcharge share—50% of remainder	<u>\$332,995</u>	<u>\$843,044</u>
<b>Total</b>	<b>\$3,804,158</b>	<b>\$4,610,123</b>
<b>City Funding</b>		
66% of base	\$6,738,140	\$7,312,565
1 <sup>st</sup> \$2 of Surcharge	\$3,327,852	\$3,773,523
Surcharge to hit \$9.4 million	\$2,661,860	\$2,087,435
Surcharge share—50% of remainder	<u>\$332,996</u>	<u>\$843,044</u>
<b>Total</b>	<b>\$13,060,848</b>	<b>\$14,016,567</b>
% Bed Tax & Surcharge Revenue to City	77%	75%
% Bed Tax & Surcharge Revenue to VT	23%	25%
50 cents of \$4 surcharge	\$832,963	\$943,381

Metro Tucson							Percentage Change-same month/previous year																		
July-Nov17							Occ%		ADR		RevPAR		Room	Rooms	Rooms										
	17-18	16-17	17-18	16-17	17-18	16-17	Occ	ADR	RevPAR	Rev	Avail	Sold													
Metro Tucson	59.4%	55.7%	\$94.21	\$92.51	\$56.30	\$51.68	6.6%	1.8%	8.5%	7.0%	-1.4%	5.2%													
Tucson Airport	64.6%	61.3%	\$74.39	\$71.68	\$48.21	\$44.03	5.2%	3.7%	9.2%	5.1%	-3.7%	1.3%													
Downtown	51.4%	48.0%	\$71.69	\$66.31	\$37.15	\$31.84	7.1%	7.7%	15.7%	20.2%	3.4%	11.0%													
Midtown-East	59.9%	57.2%	\$93.63	\$92.42	\$56.27	\$52.90	4.7%	1.2%	6.0%	6.0%	0.0%	4.7%													
Resorts	60.1%	56.8%	\$156.54	\$149.13	\$94.88	\$85.57	6.4%	4.9%	11.4%	11.4%	0.0%	6.4%													
Metro Tucson							Percentage Change-same month/previous year																		
Total							Occ%		ADR		RevPAR		Room	Rooms	Rooms	*Tucson Bed Tax			*Tucson \$4/\$2 Surcharge			Properties		Rooms	
	17-18	16-17	17-18	16-17	17-18	16-17	Occ	ADR	RevPAR	Rev	Avail	Sold	2017-18	2016-17	Change	2017-18	2016-17	Change	Census	Sample	Census	Sample			
Jun-18																									
May-18																									
Apr-18																									
Mar-18																									
Feb-18																									
Jan-18																									
Dec-17																									
Nov-17	62.3%	57.2%	\$103.94	\$102.17	\$64.75	\$58.44	8.9%	1.7%	10.8%	9.3%	-1.4%	7.4%	\$985,943	\$711,797	38.5%	\$603,702	\$570,574	5.8%	148	100	15,698	12,966			
Oct-17	64.1%	58.8%	\$110.86	\$108.09	\$71.06	\$63.51	9.1%	2.6%	11.9%	10.3%	-1.4%	7.6%	\$961,936	\$870,052	10.6%	\$574,334	\$560,719	2.4%	148	100	15,698	12,966			
Sep-17	56.6%	53.0%	\$96.03	\$92.58	\$54.38	\$49.09	6.8%	3.7%	10.8%	9.2%	-1.4%	5.3%	\$735,245	\$681,790	7.8%	\$538,797	\$506,333	6.4%	148	100	15,698	12,966			
Aug-17	56.8%	53.1%	\$80.73	\$82.70	\$45.86	\$43.94	6.9%	-2.4%	4.4%	3.1%	-1.2%	5.6%	\$732,735	\$673,080	8.9%	\$579,921	\$532,086	9.0%	146	98	15,650	12,666			
Jul-17	57.2%	56.4%	\$79.48	\$77.01	\$45.47	\$43.42	1.5%	3.2%	4.7%	3.2%	-1.4%	0.0%	\$789,843	\$692,736	14.0%	\$625,335	\$558,667	11.9%	145	98	15,486	12,666			
<b>Average</b>	<b>59.4%</b>	<b>55.7%</b>	<b>\$94.21</b>	<b>\$92.51</b>	<b>\$56.30</b>	<b>\$51.68</b>	<b>6.6%</b>	<b>1.8%</b>	<b>8.5%</b>	<b>7.0%</b>	<b>-1.4%</b>	<b>5.2%</b>	<b>\$632,056</b>	<b>\$719,255</b>	<b>-12.1%</b>	<b>\$488,719</b>	<b>\$282,610</b>	<b>72.9%</b>							
<b>Bed Tax</b>													<b>\$4,837,758</b>	<b>\$4,348,710</b>	<b>5.9%</b>	<b>\$3,410,808</b>	<b>\$3,010,989</b>	<b>15.0%</b>							
Tucson							Percentage Change-same month/previous year																		
Airport							Occ%		ADR		RevPAR		Room	Rooms	Rooms										
	17-18	16-17	17-18	16-17	17-18	16-17	Occ	ADR	RevPAR	Rev	Avail	Sold													
Jun-18																									
May-18																									
Apr-18																									
Mar-18																									
Feb-18																									
Jan-18																									
Dec-17																									
Nov-17	65.1%	63.4%	\$75.90	\$72.52	\$49.41	\$45.94	2.7%	4.7%	7.5%	0.9%	-6.2%	-3.6%				21	21	2,507	2,507						
Oct-17	71.5%	65.1%	\$83.66	\$79.02	\$59.79	\$51.43	9.8%	5.9%	16.3%	9.0%	-6.2%	3.0%				21	21	2,507	2,507						
Sep-17	60.2%	56.8%	\$73.32	\$71.04	\$44.16	\$40.35	6.0%	3.2%	9.5%	2.7%	-6.2%	-0.5%				21	21	2,507	2,507						
Aug-17	60.7%	59.7%	\$69.64	\$68.62	\$42.27	\$40.98	1.6%	1.5%	3.1%	3.1%	0.0%	1.6%				22	21	2,673	2,507						
Jul-17	65.4%	61.7%	\$69.44	\$67.22	\$45.43	\$41.45	6.1%	3.3%	9.6%	9.6%	0.0%	6.1%				22	21	2,673	2,507						
<b>Average</b>	<b>64.6%</b>	<b>61.3%</b>	<b>\$74.39</b>	<b>\$71.68</b>	<b>\$48.21</b>	<b>\$44.03</b>	<b>5.2%</b>	<b>3.7%</b>	<b>9.2%</b>	<b>5.1%</b>	<b>-3.7%</b>	<b>1.3%</b>													

Tucson							Percentage Change-same month/previous year										Properties		Rooms		
Downtown		Occ%		ADR		RevPAR					Room	Rooms	Rooms					Census	Sample	Census	Sample
	17-18	16-17	17-18	16-17	17-18	16-17	Occ	ADR	RevPAR	Rev	Avail	Sold									
Jun-18																					
May-18																					
Apr-18																					
Mar-18																					
Feb-18																					
Jan-18																					
Dec-17																					
Nov-17	57.1%	48.2%	\$78.64	\$70.07	\$44.88	\$33.78	18.4%	12.2%	32.9%	44.2%	8.5%	28.5%					18	16	1,732	1,426	
Oct-17	55.7%	50.4%	\$84.58	\$71.91	\$47.11	\$36.23	10.5%	17.6%	30.0%	41.1%	8.5%	20.0%					18	16	1,732	1,426	
Sep-17	46.6%	44.8%	\$66.48	\$63.58	\$30.99	\$28.45	4.1%	4.6%	8.9%	8.9%	0.0%	4.1%					17	15	1,596	1,290	
Aug-17	47.8%	46.5%	\$65.72	\$64.04	\$31.38	\$29.77	2.7%	2.6%	5.4%	5.4%	0.0%	2.7%					17	15	1,596	1,290	
Jul-17	49.8%	49.9%	\$63.02	\$61.97	\$31.38	\$30.95	-0.3%	1.7%	1.4%	1.4%	0.0%	-0.3%					17	15	1,596	1,290	
Average	51.4%	48.0%	\$71.69	\$66.31	\$37.15	\$31.84	7.1%	7.7%	15.7%	20.2%	3.4%	11.0%									
Tucson							Percentage Change-same month/previous year										Properties		Rooms		
Midtown-East		Occ%		ADR		RevPAR					Room	Rooms	Rooms					Census	Sample	Census	Sample
	17-18	16-17	17-18	16-17	17-18	16-17	Occ	ADR	RevPAR	Rev	Avail	Sold									
Jun-18																					
May-18																					
Apr-18																					
Mar-18																					
Feb-18																					
Jan-18																					
Dec-17																					
Nov-17	60.7%	57.8%	\$99.19	\$97.87	\$60.25	\$56.56	5.1%	1.4%	6.5%	6.5%	0.0%	5.1%					17	17	2,817	2,817	
Oct-17	63.1%	58.7%	\$110.33	\$106.77	\$69.67	\$62.68	7.6%	3.3%	11.1%	11.1%	0.0%	7.6%					17	17	2,817	2,817	
Sep-17	58.5%	54.9%	\$92.54	\$91.14	\$54.14	\$50.05	6.5%	1.5%	8.2%	8.2%	0.0%	6.5%					17	17	2,817	2,817	
Aug-17	59.3%	56.7%	\$86.07	\$88.18	\$51.04	\$49.99	4.6%	-2.4%	2.1%	2.1%	0.0%	4.6%					17	17	2,817	2,817	
Jul-17	57.8%	57.9%	\$80.01	\$78.15	\$46.26	\$45.21	-0.1%	2.4%	2.3%	2.3%	0.0%	-0.1%					17	17	2,817	2,817	
Average	59.9%	57.2%	\$93.63	\$92.42	\$56.27	\$52.90	4.7%	1.2%	6.0%	6.0%	0.0%	4.7%									
Metro Tucson							Percentage Change-same month/previous year										Properties		Rooms		
Resorts		Occ%		ADR		RevPAR					Room	Rooms	Rooms					Census	Sample	Census	Sample
	17-18	16-17	17-18	16-17	17-18	16-17	Occ	ADR	RevPAR	Rev	Avail	Sold									
Jun-18																					
May-18																					
Apr-18																					
Mar-18																					
Feb-18																					
Jan-18																					
Dec-17																					
Nov-17	61.1%	61.3%	\$181.82	\$167.63	\$111.13	\$102.81	-0.3%	8.5%	8.1%	8.1%	0.0%	-0.3%					10	10	2,737	2,737	
Oct-17	65.0%	62.1%	\$191.40	\$185.16	\$124.37	\$114.93	4.7%	3.4%	8.2%	8.2%	0.0%	4.7%					10	10	2,737	2,737	
Sep-17	60.8%	53.8%	\$159.81	\$150.95	\$97.17	\$81.28	12.9%	5.9%	19.6%	19.6%	0.0%	12.9%					10	10	2,737	2,737	
Aug-17	56.5%	48.5%	\$123.67	\$122.30	\$69.84	\$59.37	16.3%	1.1%	17.6%	17.6%	0.0%	16.3%					10	10	2,737	2,737	
Jul-17	57.0%	58.1%	\$126.02	\$119.59	\$71.87	\$69.45	-1.8%	5.4%	3.5%	3.5%	0.0%	-1.8%					10	10	2,737	2,737	



## Diane Frisch

---

**From:** Craig Horn  
**Sent:** Tuesday, January 16, 2018 3:38 PM  
**To:** Diane Frisch  
**Subject:** FW: FY 2017/18 Period 6 Revenue Projections - Unincorporated Hotel/Motel, Car Rental and RV Taxes

See below.

**From:** Craig Horn  
**Sent:** Tuesday, January 16, 2018 3:16 PM  
**To:** Craig Horn <Craig.Horn@pima.gov>  
**Subject:** RE: FY 2017/18 Period 6 Revenue Projections - Unincorporated Hotel/Motel, Car Rental and RV Taxes

Below are revised monthly ADOR reported collections FY 2017/18 vs. FY 2016/17:

	FY16/17	FY17/18	% Chg.	\$ Chg.
Jul	364,285.02	389,489.44	6.92%	25,204.42
Aug	365,546.78	244,333.77	-33.16%	(121,213.01)
Sep	352,662.55	301,672.18	-14.46%	(50,990.37)
Oct	432,833.64	302,059.09	-30.21%	(130,774.55)
Nov	477,882.35	478,279.10	0.08%	396.75
Dec	461,507.75	485,162.74	5.13%	23,654.99

**From:** Craig Horn  
**Sent:** Tuesday, January 16, 2018 3:06 PM  
**To:** Maureen (Reenie) Ochoa <Reenie.Ochoa@pima.gov>; Christina Rheubottom <Christina.Rheubottom@pima.gov>; Diane Frisch <Diane.Frisch@pima.gov>; Stephanie Storch <Stephanie.Storch@pima.gov>; Michael Garland <Michael.Garland@pima.gov>; Kelly Hook <Kelly.Hook@pima.gov>; Monica Garcia (FINANCE) <Monica.GarciaFINANCE@pima.gov>; Elsa Helfrich <elsa.helfrich@pima.gov>; Michele Milensky <Michele.Milensky@pima.gov>; Carolyn Pataconi <Carolyn.Pataconi@pima.gov>; Lorena Cordova <Lorena.Cordova@pima.gov>; Ted Garza <Ted.Garza@pima.gov>; Melody Burton <Melody.Burton@pima.gov>; Tracy Wheeler <Tracy.Wheeler@pima.gov>; Blanca Rossetti <Blanca.Rossetti@pima.gov>; Pete Rodriguez <Pete.Rodriguez@pima.gov>  
**Cc:** Keith Dommer <Keith.Dommer@pima.gov>; Ellen Moulton <Ellen.Moulton@pima.gov>; Michelle Campagne <Michelle.Campagne@pima.gov>; Robert W Johnson (Budget) <Robert.Johnson@pima.gov>; Robert Johnson <Robert.Johnson@pima.gov>; Patrick McGee <Patrick.McGee@pima.gov>; Michelle Hamilton <Michelle.Hamilton@pima.gov>; Kevin Frakes <Kevin.Frakes@pima.gov>; Patti Davidson <Patti.Davidson1@pima.gov>; Andrew Min <Andrew.Min@pima.gov>; Bruce Basemann <Bruce.Basemann@pima.gov>  
**Subject:** FY 2017/18 Period 6 Revenue Projections - Unincorporated Hotel/Motel, Car Rental and RV Taxes

Attached are FY 2017/18 Period 6 revenue projections for Unincorporated Hotel/Motel Tax, Car Rental Surcharge Tax, and RV Surtax. The RV Tax terminated effective on January 1, 2018, but we will continue receiving distributions from this tax through February 2018, with any potential late payments showing up after that month.

Regarding Unincorporated Hotel/Motel Tax revenue: Tax collections reported by the Arizona Department of Revenue during August, September and October were nearly \$303,000 below the same months during FY 2016/17 (down 14% to 33% depending on the applicable month), while collections during November were less than 1% below last year and collections during July and December were greater than last year by 3% to 7%.

At this time, we do not have information from ADOR or other sources to explain the marked drop off for August, September and October collections.

*Craig Horn  
Budget Division  
Pima County Department of Finance & Risk Management  
MailStop DT-AB8-112  
130 W. Congress St.  
Tucson, Arizona 85701  
Email: [Craig.Horn@pima.gov](mailto:Craig.Horn@pima.gov)  
Phone: 520 724-4278*