



Kelly Peetoom, President
Travel Industry Association of Kansas (TIAK)
Comments presented to the
2020 Special Committee on Economic Recovery

September 16, 2020

Chair Lynn and Honorable Committee Members,

The COVID Pandemic has had an adverse effect on the entire state of Kansas its citizens and economy. Many industries and economic experts have stated that our country is in a recession due to the pandemic. Today I am here to demonstrate that the Hospitality/Tourism Industry is in a depression.

- Unemployment over 50+%.
- Hotel closures.
- Attraction closures.
- 40-60% decrease in revenues.
- 4-5 million hotel workers nationwide are unemployed.
- ¾ of hotel workers nationwide are furloughed or unemployed.
- Historically low occupancy levels.

The following information will address more specifics with destination throughout Kansas and some additional data from measurement platforms we utilize in the tourism industry.

STR (Smith Travel Research)

April	Occupancy		Rate		Revenue
	2020	2019	2020	2019	2020
Johnson Co	19.5%	64.4%	\$60.03	\$103.67	-82.4%
Overland Park	15.8%	67.8%	\$62.94	\$109.84	-87.1%
Olathe	18.8%	63.8%	\$71.36	\$117.41	-79.1%

- Historic Low Performance Month

STR (Smith Travel Research)

July Year to Date	Occupancy		Rate		Revenue
	2020	2019	2020	2019	2020
Johnson Co	37.2%	62.3%	\$81.89	\$100.42	-48.8%
Overland Park	36.3%	65.4%	\$87.01	\$106.53	-53.1%
Olathe	36.2%	61.3%	\$93.89	\$112.91	-43.4%

- Most current data as of today

Olathe:

- 3 hotels closed from April through June.
- Transient Guest Tax Collections down 65% compared to same time last year.
- John Deere, Farmers Insurance, Garmin, Terracon, TVH have all confirmed they will not travel for the remainder of 2020 and possibly 2021 impacting one of the most lucrative market segments for Olathe.
- Garmin Marathon cancelled. One of our largest events held annually in Olathe. \$2.5 million economic impact to the city.
- Olathe Conference Center has cancelled or rescheduled 95% of business that was booked for April through December of 2020.

Abilene:

- Economic drivers: agriculture, manufacturing, and tourism.
- Transient Guest Tax Collections are down 43% from one year ago.
- Decreased TGT equals fewer marketing dollars available. Predictions indicate 2020 *actual* lodging sales will be \$1.2 million less than in 2019.
- Abilene's largest tourism attraction, the Eisenhower Presidential Library *and* Museum – operated by the Washington, D.C. based National Archives and Records Administration - is still closed. This closure affects Abilene attractions, lodging establishments, downtown retailers, and restaurants.
- Despite the much-appreciated \$132,000 Community Development Block Grant – CV from the Kansas Department of Commerce, two businesses announced their closures. Community leaders fear additional closures during the slow winter months.
- With the \$9 million, all-new, 25,000 square feet of museum exhibits at the Eisenhower Presidential Library *and* Museum opening in August 2019, the 2020 travel season was predicted to be Abilene's best year in a very long

time. In contrast, it is Abilene's tourism industry's worst. The 2019 visitation to the Eisenhower Presidential Library and Museum (including an 8-month museum renovation closure) was 147,256. The industry anticipated that number to **double** in 2020; however, since the March closure, it is **zero**. Online programming continues, but that does not ring local cash registers.

- In 2020, *USA Today* readers selected Abilene as the runner up for the Best Historic Small Town in the *United States*. Today, Abilene wants to make sure its tourism industry can weather the COVID19 storm to welcome visitors again.

Overland Park:

- Visit Overland Park's 2020 operating revenue has decreased by 50% from projections – eliminating many of the sales and marketing tactics used to grow visitor demand and improve destination awareness.
- In 2021, Visit Overland Park is projecting year-end revenue of only 60% of what was received in 2019 and is forecasting visitor revenues will not surpass 2019 actuals until 2024.
- \$44,039,179 is the lost economic impact of OP Meetings/Conventions cancelled in 2020 (as of 9/14/2020)
 - Convention at Convention Center: \$18,448,207
 - Youth Sporting Events at Scheels Soccer Complex: \$14,613,850
 - Citywide Other Meetings: \$1,238,402
 - Citywide Other Sports: \$4,792,465
 - Single Hotel Events: \$4,946,255
- Latest economic information from US Travel Assn.
<https://www.ustravel.org/toolkit/covid-19-travel-industry-research>

Garden City:

- The Finney County CVB is down @ 40% in revenue.
- We are 100% open now but travel to the area is very limited.
- Our small businesses, restaurants and especially lodging are hit the hardest as travel will take much longer to recover and consumer confidence is not easily restored.
- We had 30 events cancel resulting millions of lost tourism dollars. This affects not only the lodging sector but local merchants, restaurants, grocers, gas station, convenience store. This in long-term affecting sales tax dollars and Government agencies depending on those revenues.

Recovery Cost

Hotel management companies adhering to new COVID-19 related protocols may see operating costs grow by as much as 20% because of an increase in labor and supplies. Additionally, one-time capital expenses for facility improvements, such as automatic doors and electrostatic sprayers, can in some cases add another six figures in expenses.

Retail, restaurants, and attractions could also experience increase cost to meet new COVID and PPP requirements.

Assistance

Continuation and support of programs like the SPARK Fund.

Possible future grants or assistance for 501 C (6)'s. A majority of the Convention and Visitors Bureau in the state fall in this category. Our mission is to market and promote each destination and the state of Kansas. The only funding mechanism we currently have is the transient guest tax.

Oxford Economic (Measuring Tourism)

Finally, today I would like to state that although Tourism is hard to measure and is not viewed as an economic generator it is a very important economic driver for the state of Kansas.

Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts statistics.

Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.

Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food and beverage, car rental, taxi services, travel agents, museums, and theme parks.

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