

Estes Park Local Marketing District

BUSINESS and OPERATING PLAN

Date August 2009

Prepared by: EP LMD Board

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The LMD Model

The Local Marketing District

- Allowed by State Statute

By State Statute the LMD may:

Provide any of the following services within the district:

- (A) Organization, promotion, marketing, and management of public events;
- (B) Activities in support of business recruitment, management, and development;
- (C) (C) Coordinating tourism promotion activities.

(II) No revenue collected from the marketing and promotion tax levied under section [29-25-112](#) may be used for any capital expenditures, with the exception of tourist information centers.

(f) To have the management, control, and supervision of all the business and affairs of the district and of the operation of district services therein;

(g) To appoint an advisory board of owners of property within the boundaries of the district and provide for the duties and functions thereof;

(h) To hire employees or retain agents, engineers, consultants, attorneys, and accountants;

(i) To adopt and amend bylaws not in conflict with the constitution and laws of the state or with the ordinances of the local government affected for carrying on the business, objectives, and affairs of the board and of the district; and

(j) To exercise all rights and powers necessary or incidental to or implied from the specific powers granted in this article. Such specific powers shall not be considered as a limitation upon any power necessary or appropriate to carry out the purposes and intent of this article.

- Organized by Intergovernmental Agreement (Town of Estes Park and Larimer County)

- Marketing District and Tax approved by District Vote – Nov. 4, 2008

- The seven (7) Member Board is appointed. (5 by Town Board of Trustees and 2 by Larimer County, Board of County Commissioners)

Overview

During 2009 The LMD Board met 3 to 4 times per month to become educated on CVB matters and to complete all start up duties for the new Marketing District. In addition, the LMD Board worked to compile the following Operating Plan for 2010. This plan outlines all areas of operations for the upcoming year. It is with great respect that we submit this plan to the Town of Estes Park Trustees and The Larimer County Commissioners for approval.

Operating Plan

Funding for the district is provided via the 2% lodging tax for all stays of less than 30 days. This tax is collected by lodging establishments, paid to the Colorado Department of Revenue on a quarterly basis and then distributed to the EP LMD. Estimates for this funding are still too early in the process to accurately forecast 2009 lodging tax revenues as only the 1st Quarter's distribution have been received to date. It should be noted, however, that it was significantly lower than estimates and projections.

A majority of the 2010 Operating Plan is based on the CVB Assessment conducted by Hannah Marketing Associates including their recommendations in the Strategic Marketing Plan they submitted as part of our contract. This method (utilizing a consultant) was selected to augment the expertise of the LMD Board and existing CVB Staff with a qualified external expert, and bring outside "eyes and ears" to our process and decisions.

The LMD has reached agreement with the Town of Estes Park Trustees to take over the management of four current CVB employees and the Town will continue to provide compensation and benefits. These employees are responsible for the Marketing, Advertising, Public Relations, Website, Visitors Guide, Stakeholder Sales and Services and Group Sales. Therefore, they include the areas currently referred to as Communications, Public Relations, Stakeholder Sales and Groups.

Our plan is to staff 2010 with four full time employees (all currently employed at the CVB). The LMD plans to interview the interested and qualified existing employees to select a Director to manage the other 3 employees on a daily basis, and be responsible for the proper leadership, management and execution of the Plan as communicated by the EP LMD Board. This position is a "working Director" as other day to day duties will still be a required part of the job. This model is based on the percent of time the current Director spends on CVB duties, the recommendation of Hannah Marketing Associates following their assessment and the fact that we simply do not have funds to hire and pay a full time Director. The Director will report directly to the EP LMD Board.

In planning for 2010, the good news is, as the assessment clearly states, the CVB is not broken and does not require radical changes, however, a few areas of opportunity do exist which we believe will bolster our current Marketing and Advertising to produce improved results. These include:

- Increased Group Sales Focus and advertising.
- A relationship with a Public Relations Firm to augment and increase current efforts.
- A revised/enhanced or new relationship with an Internet Search Engine Optimization firm to improve Estes Park's website rankings.
- And perhaps most important, a Year Around Research Project to provide customer research, check existing Branding and give feedback on any changes that we recommend to assist us in continuing to make decisions to change for the better or stay the course.

Additionally, the LMD Board has organized a regular meeting of an Associations Forum to provide communication avenues, cooperation and more focused efforts

Operating Plan

on important topics and events, as well as to perhaps be the feeding ground for new ideas and possible events to assist with our year around economic mission.

A separate group has also been initiated to pull together District businesses interested in "Groups". The effort was created to gain valuable insight and garner ideas that will help guide us in improving our Groups initiatives.

We have compiled a budget as part of the Operating Plan and by design the absolute most significant part of this budget is marketing and advertising expenditures. We are still exploring cost options for utilizing the Town's Finance department to handle our financial /accounting needs, as we want the Tax Dollars to be focused and spent on Marketing and Advertising and not services. Educated estimates on annual Lodging Tax Revenue have been between \$800,000 and \$1,100,000. Depending on sales tax numbers we may continue to adjust our budget. We plan to put some funds aside for emergency/contingencies and we have set a Year End Fund Balance Reserve for 2009 and for one year out when completing the Fiscal Year 2010. However, we do plan to utilize some of the 2009 collections to fund some initial start up, one time infrastructure costs, just making sure that the Year End Fund Balance Reserve is adequate to carry on the Marketing and Advertising expenditures with growth the Town has historically provided. This is a one time anomaly that we feel we should use to fund unusual expenses.

It should be noted that if Lodging Tax Revenues fall lower than the \$829,900 Town Budget of 2009, we plan to meet with the Town Trustees to discuss possible financial involvement based on expectations set during the election process.

As was discussed in one of our joint Board Meetings, the LMD Board would like to propose to The Town Trustees a revenue sharing of the Stakeholder Sales Revenue. We agree the first priority is covering the overhead expenses at the Visitor Center. We also think it would be very convoluted to have part of the funding and budget decisions being made by the Town for a Department reporting to the LMD.

Additionally, we believe these funds were rolled back into Marketing and Advertising historically by the CVB and would like to continue with that use, once the overhead is paid. The Board will plan our standing meeting for the LMD will be the second Tuesday of each Month at 3:00 pm (Town Hall). Additional meetings or work sessions may be needed and will be scheduled as required.

In closing, it is our commitment to spend the lodging tax dollars on marketing and advertising, not on support, legal or other items. We want to do more, hopefully with more (tax dollars), but to follow our Mission of:

Attract visitors to the District through effective and efficient marketing in order to drive year-round economic growth.

The Mission:

Attract visitors to the District through effective and efficient marketing in order to drive year-round economic growth.

Core Values:

- Accountable
- Ethical
- Proactive
- Respectful
- Responsive
- Transparent

Our Vision:

To be a year-round tourism and group destination that supports our healthy mountain community with a balance of financial success, memorable experiences for visitors and quality of life for our residents and employees.

Our Stakeholders:

- Community Members
- Customers/Visitors
- CVB Staff
- Local Businesses
- Local governmental agencies

Strategic Marketing Plan

Marketing Strategies :

We will focus our future Marketing strategy on the findings of the CVB Assessment and the Strategic Marketing Plan prepared by Hannah Marketing Associates. Basically, the CVB has done a good job and major changes in marketing strategies are not recommended. However, there are a few additions and adjustments to current programs that should be implemented and tracked to monitor and manage the effectiveness of any changes. With each change it is important to track results so that we can continue to make appropriate additional changes or reversals.

Branding:

Based on the CVB assessment it appears the Estes Park Brand needs researched and reviewed for possible improvement. The goal is to research this during the year around research and then consider involving a Branding expert to make recommendations.

Strategic Marketing Plan:



LMD Mktg Plan July
31.pdf

Operating Plan

Revised Marketing Budget 2010:

<u>Advertising Budget</u>	<u>Hannah</u>	<u>Revise</u>	<u>Change</u>
Media – Traditional	\$545,244		
Media -- Online	\$116,751		
Production	\$97,000		
Website Upgrades (interim, prior to new site development)	\$9,200		
Search Marketing Firm	<u>\$25,000</u>		
Total Advertising	\$793,195		
<u>Public Relations/Media Relations</u>			
In-State (CVB staff expenses)	\$3,750		
PR Firm for Out-of-State (fees + expenses)	\$44,000		
Film Commission	\$1,200		
Total Public Relations/Media Relations	<u>\$48,950</u>		
<u>Research</u>			
Conversion Study	\$9,320		
Visitors Study	\$23,000		
120-Day Lodging Forecast	<u>\$4,500</u>	\$3,600	\$900
Total Research	\$36,820		
<u>Brochure Distribution</u>			
Real Rocky	\$8,300		
Visitors Guide (excluding postage)	\$20,000		
Events brochure	<u>\$4,000</u>		
Total Brochure Distribution	\$32,300		
Group Sales (transfer Education & Memberships to sep.category)	\$38,955		
Visitors Guide (off-set by advertising)	\$ - 0 -		
Stakeholder Sales & Services (off-set by Stakeholder rev.)	\$ - 0 -		0
Re-branding *	\$30,000		
New Website (@50%)	\$22,500		
<u>Memberships and Education</u>			
Memberships	\$6,630		
Education/Conferences	\$7,650		
Total Memberships and Education	\$14,280		
<u>Pre-paid Expense</u>			
Election expenses	\$24,000	0	\$24,000
Consultant	\$22,000	0	\$22,000
120-Day Lodging Forecast	\$4,500	0	\$4,500
Miscellaneous	<u>\$500</u>	0	\$500
Total Pre-paid Expenses	\$51,000	0	\$51,000
Unallocated Reserve	<u>\$32,000</u>		
Total	<u>\$1,100,000</u>		<u>\$102,900</u>

Timeline:

The LMD plans to have the new Director selected and in place to start by Oct 1st 2009. Ordering of advertising and other required duties will commence immediately after that.

The Management Structure

Key Players

- The Local Marketing District Board (7 Members)
- The CVB Staff
- RMNP Liaison
- Town of Estes Park Visitor Services and Events Personnel

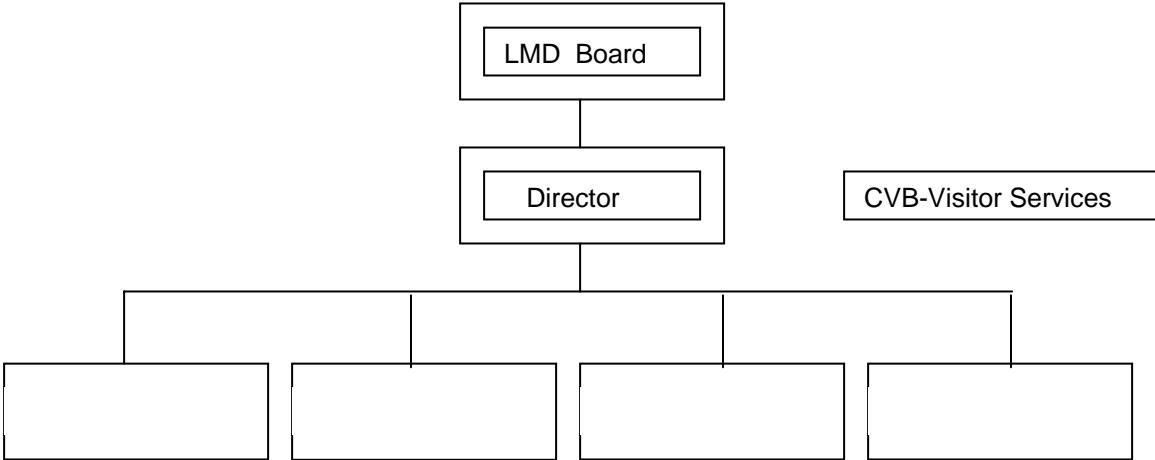
Organization

The LMD Board will focus direction directly to the Director of the LMD Staff. All LMD Board direction will be focused through the Director, other than ordinary involvement in committees, in order to keep reporting direct and focused without confusion. We believe this is very important to keep individual agendas from getting involved in the direct line of reporting and direction that could cause confusion.

Any necessary communication and direction to be given to the Director during periods between Board meetings will be handled by the LMD Chairman with a follow-up summary to the entire Board. In the absence or incapacitation of the Chairman, this responsibility will be handled by the Vice Chairman.

All payroll and benefits will be handled directly through the Town of Estes Park in concert with the LMD Board.

Organization Chart: (TBD with input from the new Director)



Director Job Description

Addendum

Job Title:	Director, Estes Valley Local Marketing District
Job Category:	Executive Level, FLSA Exempt
Reports To:	LMD Board of Directors
Summary:	Directs and leads the four departments of the LMD section of the Convention and Visitors Bureau toward its mission. Works directly with Board on policy making and strategy for organization. Acts as primary spokesperson for organization. Direct reports are the department heads for the Communications, Group Sales & Marketing, Visitors Guide, and Stakeholder Services teams.
Duties & Responsibilities:	<p>Oversees administrative, operating and marketing functions of the LMD, including execution of the annual marketing and communications plan for the district.</p> <p>Advises the Chairman of the Board, the Board and such other committees as designated.</p> <p>Oversees the creation of financial reports and annual audit reports in accordance with procedures approved by the Board.</p> <p>Develops and supervises the implementation of an annual operating and marketing plan, in order to promote the destination to local, state, regional, national and international audiences. Directs the preparation of the annual budget that supports these activities and presents it to the Board for approval.</p> <p>Attends all meetings of the Board and other designated committees in an advisory, non-voting capacity.</p> <p>Establishes and maintains ongoing effective communications with stakeholders, media, government leaders, business and cultural institution leaders, convention and event planners, and the local tourism industry.</p> <p>Represents the LMD at selected local, state, regional and national conventions that serve to foster the betterment of the LMD's mission.</p> <p>Develops and maintains effective organizational policies and</p>

Operating Plan

ensures all LMD activities are implemented within these established policies, guidelines, laws and ethical standards.

Selects, trains, supervises and evaluates assigned personnel; coordinates staff training; implementation of discipline and termination procedures for all staff members via the adopted Town of Estes Park Employee Manual.

Establishes goals for individual departments and assists staff in order to meet those goals.

Prepares and submits applications for external funding.

Requirements:

- Four-year degree from an academic institution; marketing, sales or business major preferred
- Several years of related experience
- Knowledge of marketing, business theories, practices, and procedures
- Knowledge of budget development
- Excellent verbal, written, and presentation skills
- Strong interpersonal skills and an ability to provide leadership
- Experience in supervision with proven ability to recruit, train, and develop staff
- Ability and desire to work in a results-driven environment

Staffing Costs

Payroll and benefits for the 4 CVB Staff Members reporting to the LMD Board will continue to be paid by The Town of Estes Park. This agreement will be detailed in an IGA between the Town of Estes Park and the EP LMD.

The LMD Board intends to operate the plan with the 4 full time employees from the CVB plus the hiring of external firms as necessary to enhance certain areas.

Administrative support to the LMD Board will be determined with the input of the new Director.

Policies

The LMD will use the existing CVB Policies. Any changes that are required to the policies will be brought to the LMD Board for review and/or possible action.

Operating Plan

2009 Annual Projection

**Estes Park Area Local
Marketing District**
(Modified Accrual Method)
Statement of Income and
Expenses

	2-Sep-09	30-Jun-09	YTD	15-Jul-09	15-Jul-09	Projected
	Budget	YTD Actual			% of Budget	year End 2009
Revenue						
Sales Tax	\$1,000,000.00	\$68,540.59		\$68,540.59	6.85%	\$1,100,000.00
Interest	\$1,495.00	\$4.65		\$4.65	0.31%	\$500.00
Cash on Hand as of January 1, 2009	\$0.00	\$0.00		\$0.00	#DIV/0!	
Miscellaneous Revenues	\$0.00	\$0.00		\$0.00	#DIV/0!	
Total	\$1,001,495.00	\$68,545.24		\$68,545.24	6.84%	\$1,100,500.00
Expenditures						
Operating Supplies	\$2,000.00	\$0.00		\$37.74	1.89%	\$500.00
Administration	\$20,000.00	\$0.00		\$0.00	0.00%	\$5,000.00
Audit	\$2,500.00	\$0.00		\$0.00	0.00%	0
Legal or Consultant Fees	\$20,000.00	\$0.00		\$17,750.00	88.75%	\$22,000.00
120 Day Lodging Forecast						\$4,500.00
Board Fees	\$0.00	\$0.00		\$0.00	#DIV/0!	\$0.00
Election	\$24,000.00	\$0.00		\$18,971.73	79.05%	\$18,791.73
Visitors Study **						\$5,750.00
Meetings & Travel				\$414.78		\$800.00
Postage				\$28.42		\$50.00
Miscellaneous	\$2,000.00	\$0.00		\$443.20	22.16%	\$600.00
Contingencies	\$50,000.00	\$0.00		\$0.00	0.00%	\$0.00
Total	\$120,500.00	\$0.00		\$37,202.67	30.87%	\$57,991.73
Tabor 3%	\$3,615.00	\$0.00		\$3,615.00	100.00%	\$3,615.00
Ending Fund Balance	\$880,995.00	\$68,545.24		\$31,342.57	3.56%	\$1,042,508.27
Less Tabor Hold Back	\$877,380.00	\$68,545.24		\$27,727.57	3.16%	\$1,038,893.27

** 25% Annual Cost in 2009

**** Includes 4th quarter collections Collected within 60 days of end of year

Operating Plan

2010 Annual Budget

Estes Park Area Local Marketing District

Budget 2010

20-Aug-09

(Modified Accrual Method)

	Budget	
Fund Balance Carry Forward	\$1,042,508.27	
Revenue		
Sales Tax	\$1,060,000.00	
Interest	\$1,600.00	
Miscellaneous Revenues	\$0.00	
Total	\$2,104,108.27	
Expenditures		
Advertising Budget		
Media Traditional	\$545,244.00	
Media On Line	\$116,751.00	
Production	\$97,000.00	
Web Site Up Grade	\$9,200.00	
Search Marketing Firm	\$25,000.00	
Total Adverting		\$793,195.00
Public Relations/ Media Relations		
In State (CVB staff Expenses	\$3,750.00	
PR Firm for Out of State (fees and Expenses)	\$44,000.00	
Film Commission	\$1,200.00	
Total PR/ Media Relations		\$48,950.00
Research		
Conversion Study	\$9,320.00	
Visitors Study **	\$17,250.00	
120 Day Lodging Study	\$3,600.00	
Total Research		\$30,170.00
Brochure Distribution		
Real Rocky	\$8,300.00	
Visitors Guide (excluding postage)	\$20,000.00	
Events Brochure	\$4,000.00	
Total Brochure Distribution		\$32,300.00
Group Sales		\$38,955.00
Visitors Guide		\$0.00
Stakeholder Sales and Services		\$0.00
Rebranding		\$30,000.00
New Web Site @ 100% *		\$45,000.00

Operating Plan

Membership and Education

Memberships	\$6,630.00	
Education and Conferences	\$7,650.00	
Total Memberships and Education		\$14,280.00

Miscellaneous

Operating Expenses

Legal		\$5,000.00
Administration		\$20,000.00
Administration Assistant		\$8,000.00
IT Support		\$9,000.00
Bookkeeping Support		\$5,000.00
Audit		\$5,000.00
Contingencies		\$10,000.00
Total Expenses		\$1,095,350.00
Tabor Reserves 3%		\$32,860.50
Unallocated Reserves (10% Revenues)		\$106,000.00
Total	\$1,234,210.50	\$1,234,210.50

Ending Fund Balance 12/31/2010 *** **\$869,897.77**

* Expensed in 2010 may be 2011 Expenses

** 75% Annual Expense in 2010

*** The LMD Board anticipates prudent utilization of these funds

over a multi year period to address specific needs as they may arise

CVB Assessment



Shortcut to EP Assessment ReportMay5.pdf.Ink