

Visit Salt Lake & ASM Global

(Salt Palace & Mountain America Expo Center)

2023 Proposed Budget Presentation
Salt Lake County

Presented November 8, 2022

MICE (Meetings, Incentives Conferences and Exhibitions): Bull or Bear

Convention Center Industry Outlook
Rebound & Renewal

Michael Hughes, Managing Director
Research & Consulting

Insight #1: 2022 YTD vs. 2019 Attendance Recovery Percentage Average

We can generally say as of mid-2022 the events and meetings industry is about 70% back to 2019's attendance levels. In the convention center survey, the high response was 100% and the low was 30%. Both surveys received a wide-range of responses.

Average 2022 YTD In-Person Attendance Recovery vs. 2019

Convention Centers YTD June

71%

Event Producers YTD April/May

68%

If the pandemic waves of late 2021 and early 2022 hadn't happened the industry would likely be closer to 80%+ of 2019's attendance levels by now. Also, various surveys of attendees in 2020 and 2021 forecasted this level of return to in-person events (more on this later).

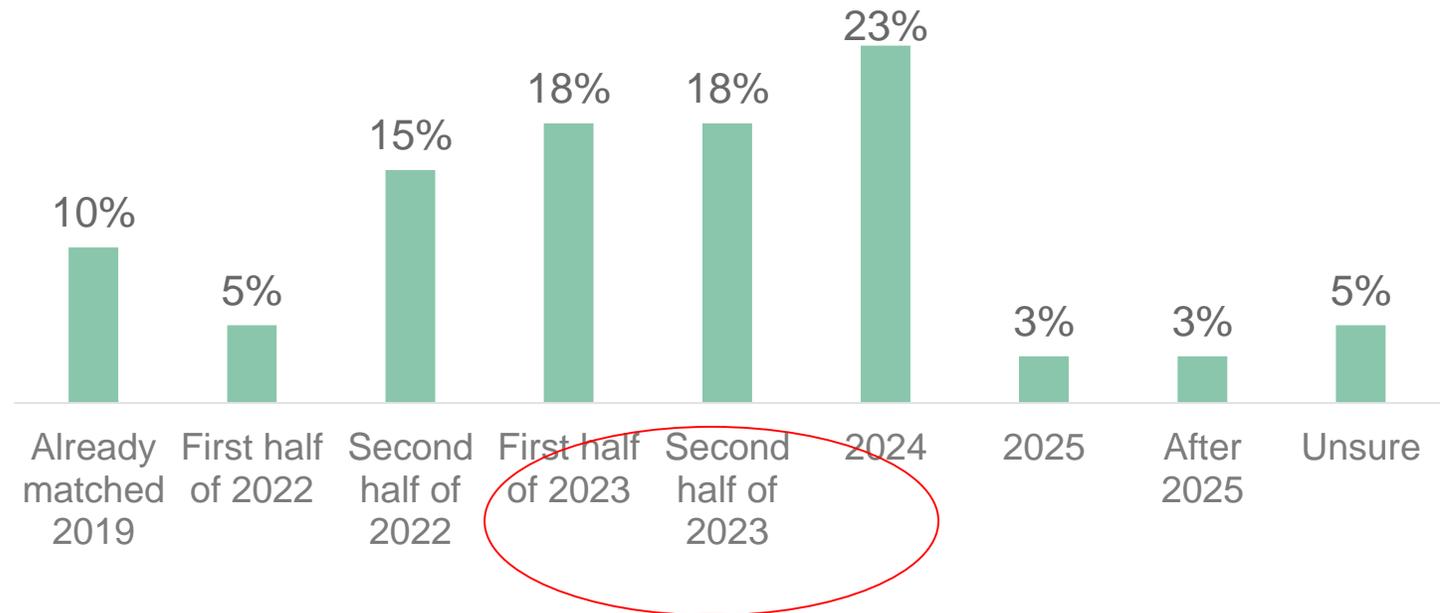
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Insight #3: Convention centers on when revenue will match 2019 levels?

This data forecasts when convention center total gross revenue will be back to pre-pandemic levels. There's a wider range of expectations and an overall longer timeline expected for revenue recovery compared to the bookings rebound.

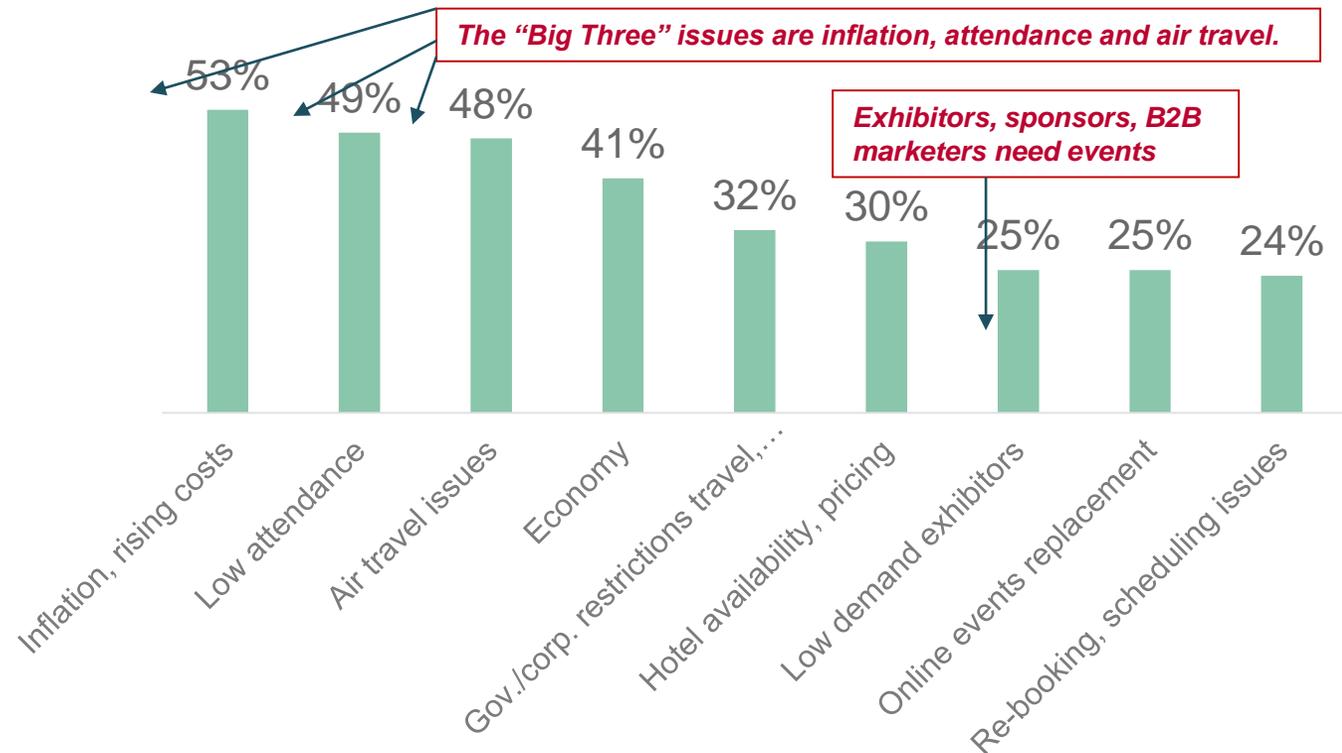
*“The future will require a digitization jump in all procedures as well as services provided. Centers will have to be more multifunctional and flexible and look for new revenue streams.”
– Convention Center Manager*

Convention Center Industry Outlook



Insight #4: Event producers' biggest risks to growth over next few years

It's a milestone, of sorts, that event producers are finally more concerned about another issue (inflation) besides low attendance when looking out at potential risks over the next few years.

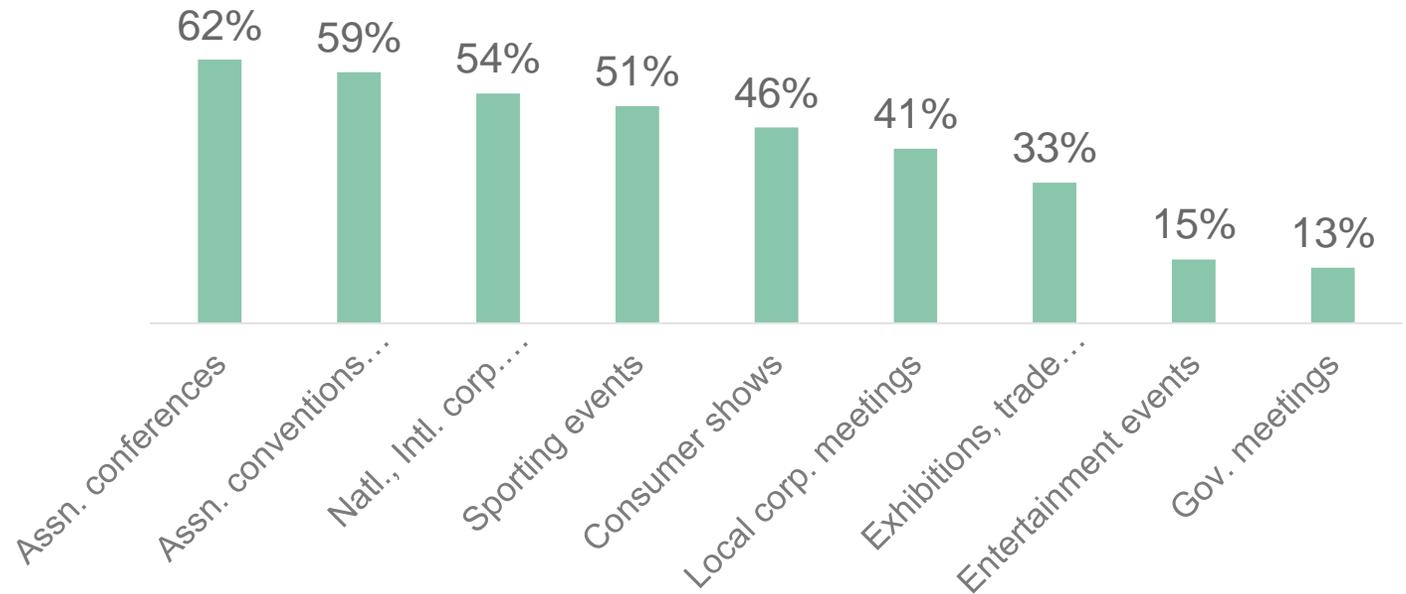


Source: Access Intelligence Research & Consulting Q2 2022

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Event and Group Client Segments with Best Near-Term Outlook

Another indicator of “normal” growth outlook – the top client segments are associations and large corporate meetings, which is typical of industry growth periods.



Destination Differences, Top Three Client Segments

Gateway: 1. (tie) Assn. conventions w/exhibits; Consumer shows; 2. (tie) Assn. conferences; Sporting events

National: 1. Natl./Intl. corp. meetings; 2. Assn. conferences; 3. Assn. conventions w/exhibits

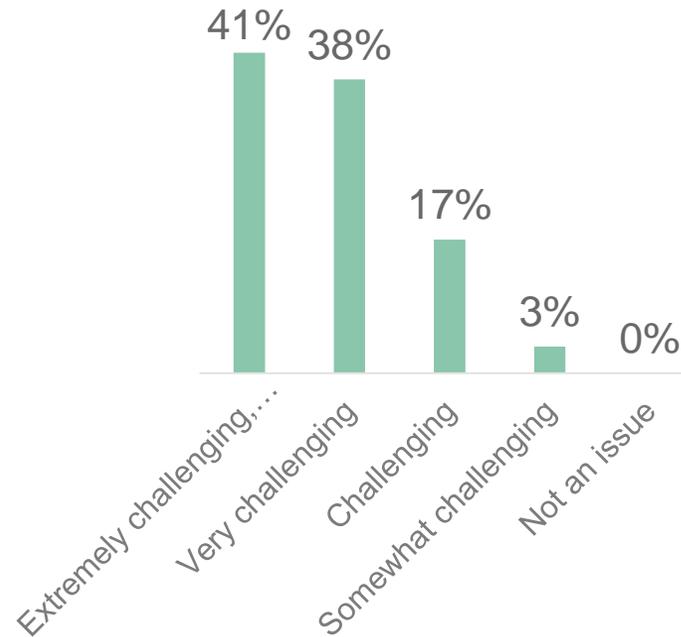
Regional: 1. Assn. conferences; 2. (tie) Assn. conventions w/exhibits; Natl./Intl. corp. meetings; Sporting events

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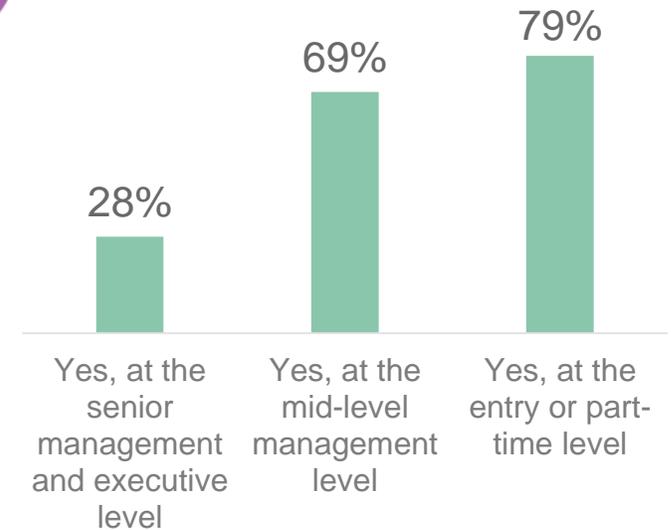
Labor Market Issues

Nearly 80% of convention center executives say staffing is extremely or very challenging.

How Challenging is Staffing



Challenges by Role Levels

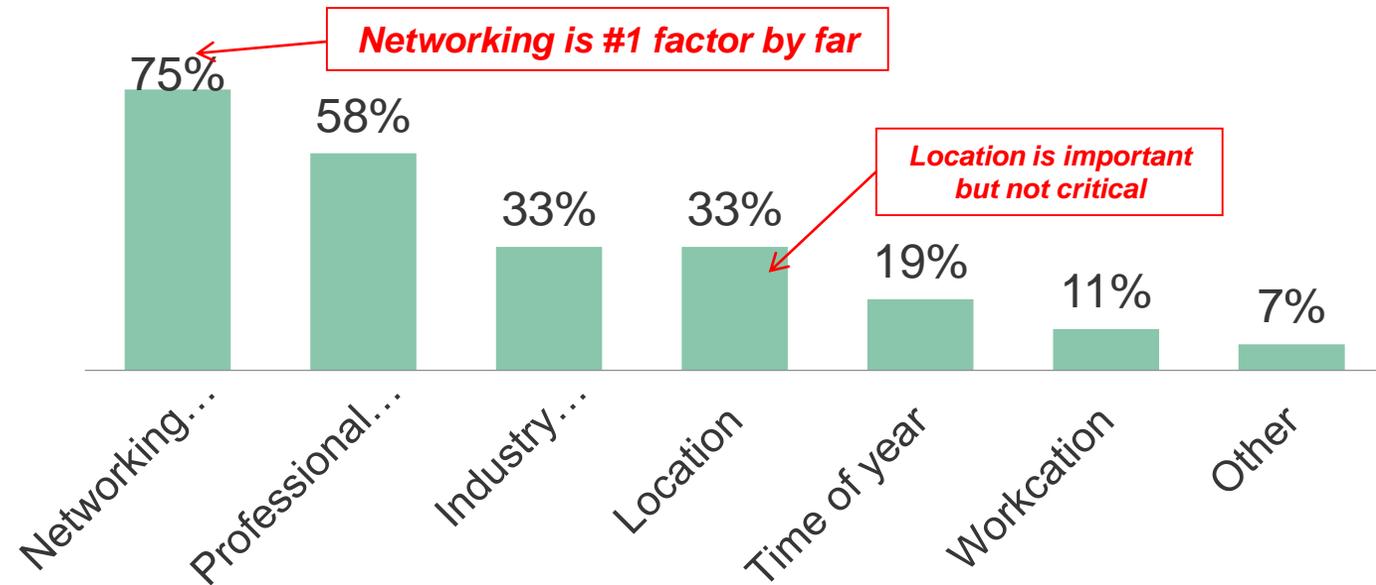


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Most important factors that drive businesspeople/professionals to attend

As long as networking is important and simply cannot be fully replicated online, in-person business and professional events will be important.

Why Attendees Attend In-Person Events and Meetings



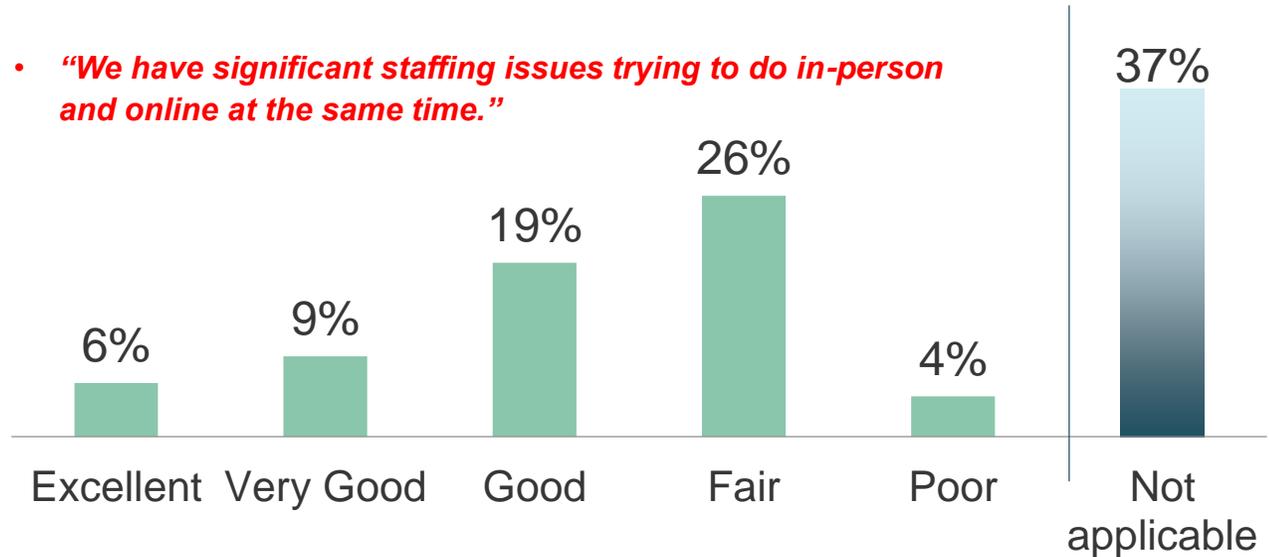
Source: Access Intelligence Research & Consulting 2020; over 200 responses

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How well are hybrid event models working?

Hybrid event models are working “fair” to “good” for most event producers. Yet only a total of 15% of the respondents say their hybrid model is “very good” or “excellent.” Hybrid models, while here to stay for many, helped events survive, but adds complexity with what’s basically a “second event” requiring a different skill set. Event producer quotes:

- **“Hybrid services have proven to be very expensive.”**
- **“Once our state was fully open, there was very little interest in virtual elements.”**
- **“We have significant staffing issues trying to do in-person and online at the same time.”**



Source: Access Intelligence Research & Consulting Q2 2022

Bull - ish

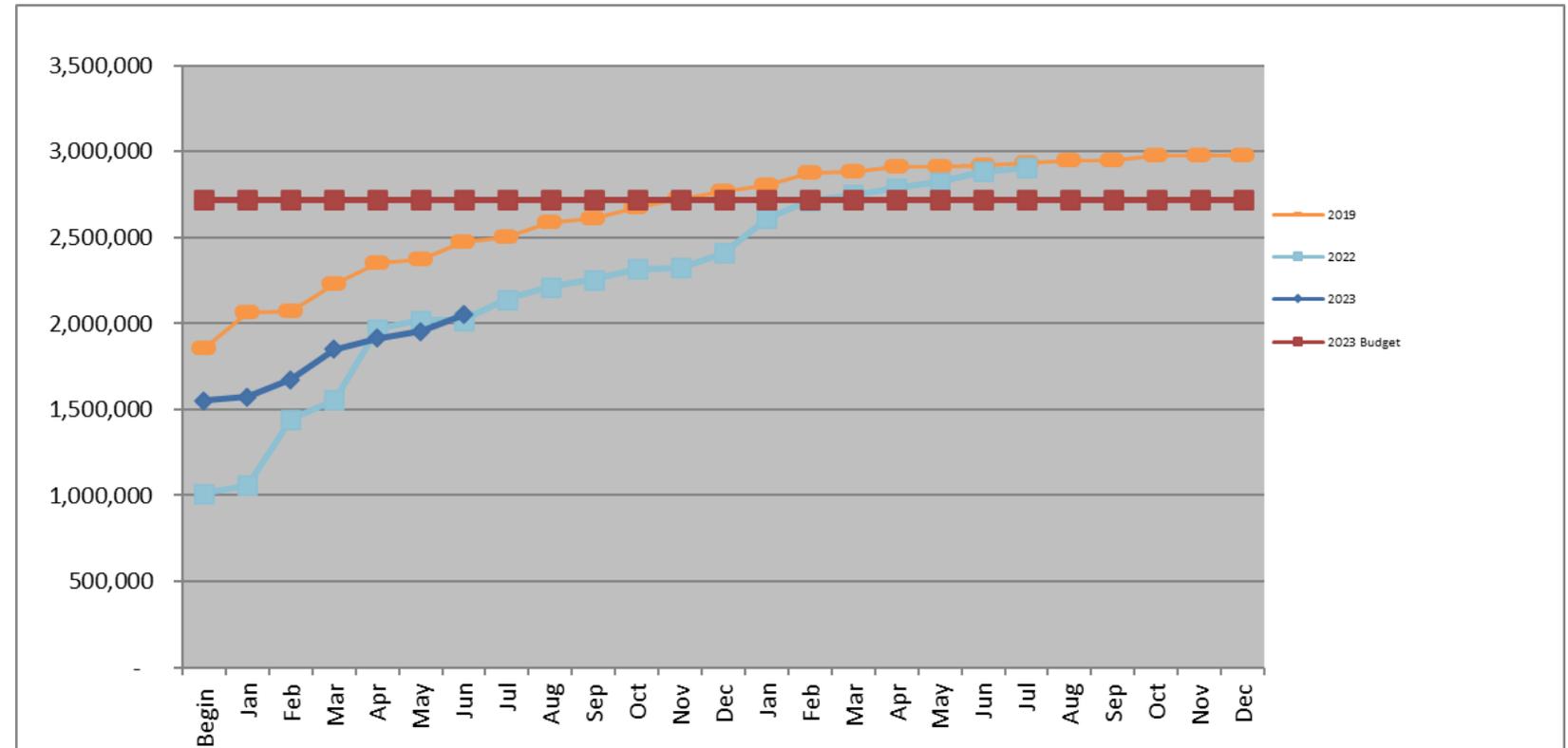


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Industry is relevant and in demand. External forces may slow the recovery.

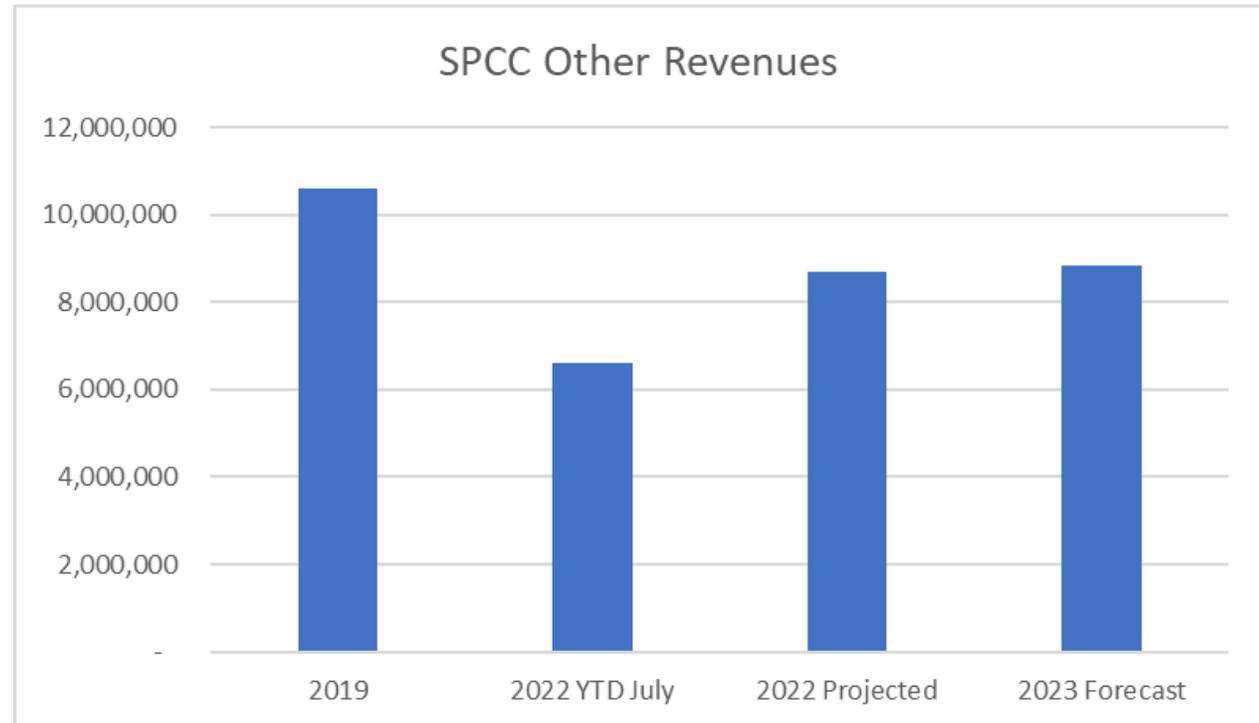
Salt Palace Convention Center Booking Stats

SPCC Booking Pace 2023



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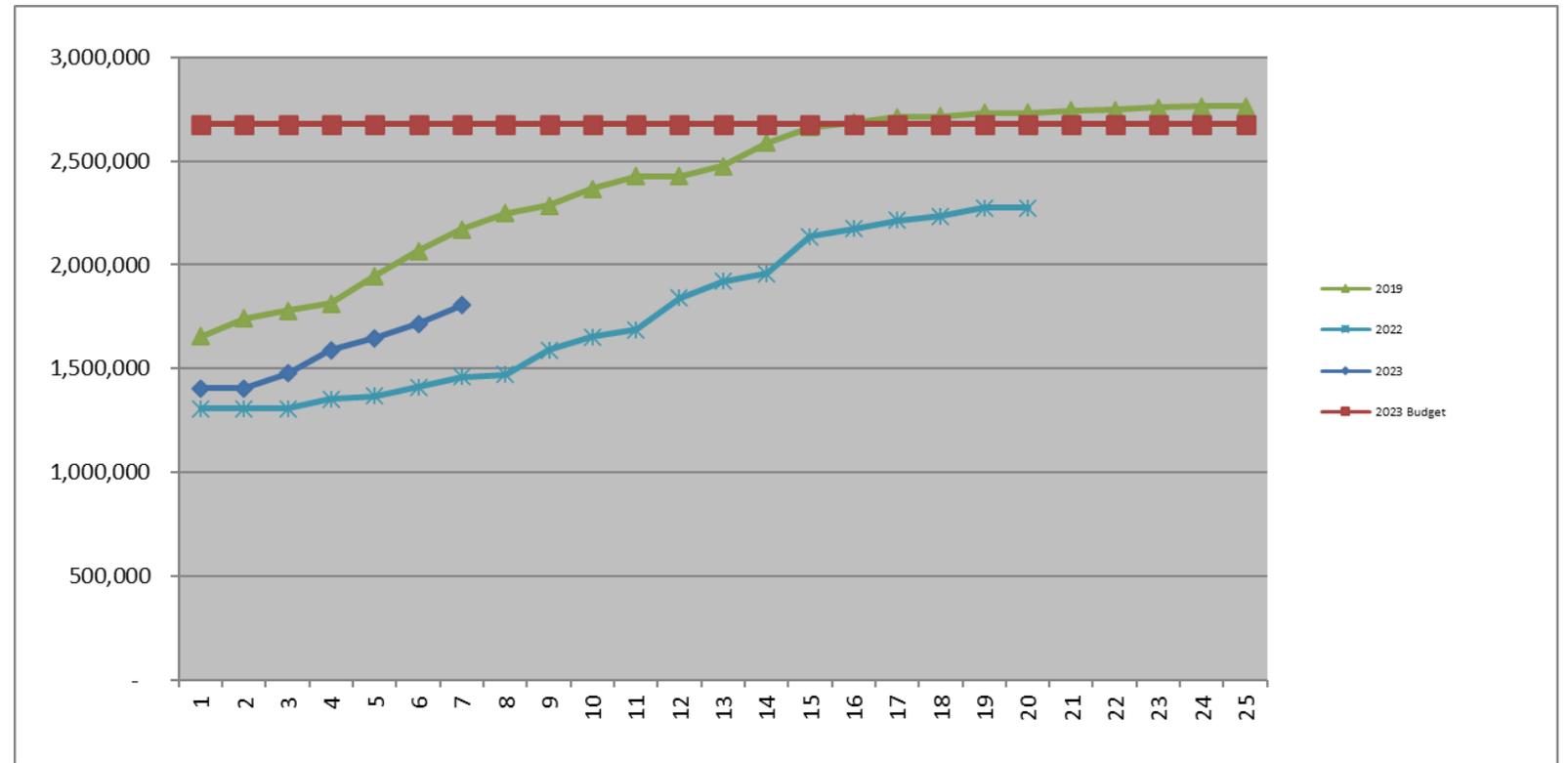
SPCC Ancillary Revenue



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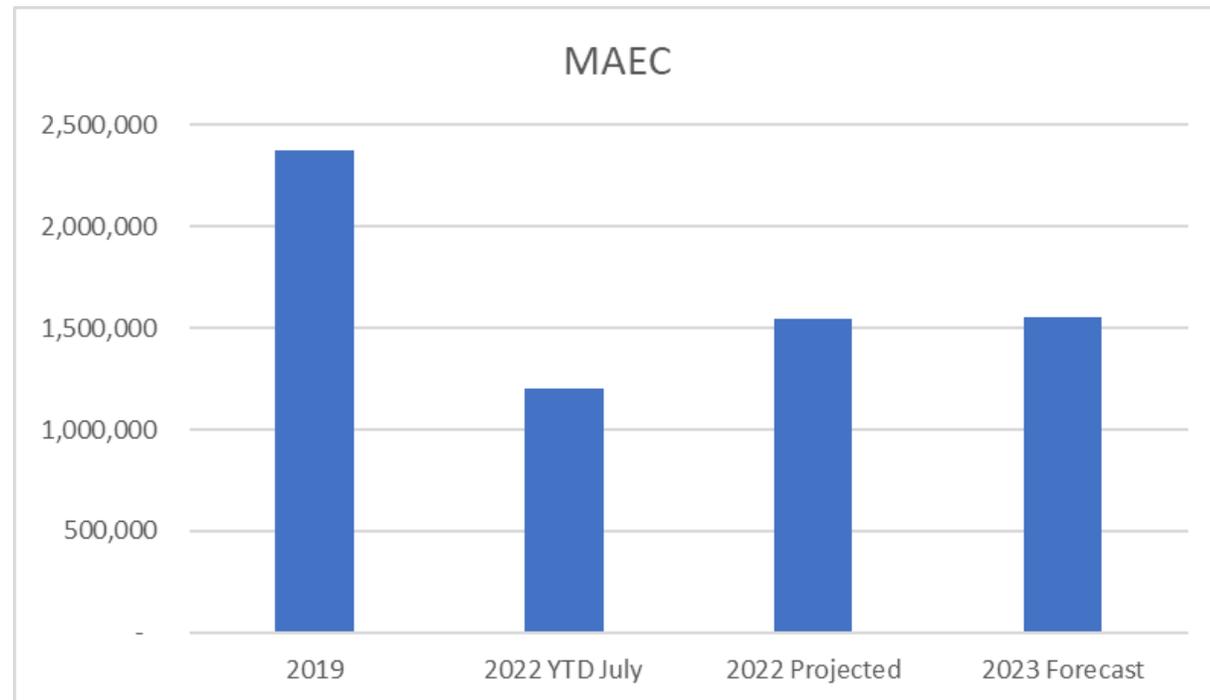
Mountain America Exposition Center Booking Stats

MAEC Booking Pace 2023



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MAEC Ancillary Revenue



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SPCC and MAEC Outcomes and Indicators

SPCC Outcomes & Indicators

<i>O&I</i>	<i>2022 Target</i>	<i>July 2022</i>	<i>2023 Target</i>
Event #	80	72	83
Event REV	\$8.6M	\$7.9M	\$11.5M
Attendance	671,000	343,479	833,029

MAEC Outcomes & Indicators

<i>O&I</i>	<i>2022 Target</i>	<i>July 2022</i>	<i>2023 Target</i>
Event #	100	92	108
Event REV	\$3.6M	\$2.8M	\$4.2M
Attendance	600,000	351,000	637,000

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2023 Capital Projects Approach

2023 Capital Focus – Salt Palace Convention Center, capital replacement of major infrastructure systems:

- Original infrastructure from construction phases in 1983, 1994, 2000 and 2004
- Major Facility components at and past life expectancy
- Experiencing failures in cooling and heating systems
- Considering significance of these projects – we are not recommending capital funding for the Mountain America Expo Center so focus can solely on the Salt Palace Convention Center.

In addition to these major replacement projects, the neighborhood surrounding the Salt Palace is experiencing major development that is focused on tourism and the live events industry. Take pride in this Salt Lake County. It is your leadership and your ongoing commitment to the Salt Palace and Visit Salt Lake that have created demand for this development. We're bullish on the industry. In response:

- We are proposing a study project to repair some SPCC structural components AND dramatically improves the appearance of our venue along 200 West where we front these new, major developments.

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2023 Recommended Capital Projects

Project Name	Expense	Fund	Venue
Chiller Replacement & Study	\$12.5 M	ARPA - Transformational	SPCC
Condensate Line, SPCC to AH	\$281K	TRT	SPCC
HVAC Air Compressor	\$125K	TRT	SPCC
Replace Main Cooling Towers	\$1.88M	TRT	SPCC
Interior Paint	\$500K	TRT	SPCC
200W Dock Improvement and Art Study	\$105K	TRT	SPCC

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Calvin L. Rampton Salt Palace Convention Center

Core Mission:

The Salt Palace Convention Center serves as an economic magnet for visitor and convention spending in Utah.

2023 Budget Overview

SPCC	2023 Proposed County Funding	2023 FTE Total
	\$4.3 M	0

Budget Summary:

- ❖ *Increasing Expenses: \$1,322,000*
- ❖ *Increasing Revenues: (\$2,916,000)*
- ❖ *Expense Change Request: (\$1,594,000)*

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Salt Palace Convention Center

New Initiatives:

❖ <i>3% Annual wage/benefit increase</i>	\$164,116
❖ <i>Transit Benefit – Full time employees</i>	\$50,000
❖ <i>Modify one position from Manager to Associate Director</i>	\$15,000
❖ <i>Add Human Resources Coordinator + 2 interns</i>	\$80,000
❖ <i>Add Safety Liaison Officer</i>	\$85,000
❖ <i>Add one FT and three PT Guest Services positions</i>	\$160,000
❖ <i>ASM Global IT Cybersecurity Service</i>	\$100,000
❖ <i>General Liability Insurance Increases</i>	\$20,000

**These new initiatives are planned for in2023 while reducing County funding from 2022 base budget.*

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Mountain America Exposition Center

Core Mission:

The Mountain America Expo Center provides cultural and economic benefits to the community through the hosting of local and national events and meetings.

2023 Budget Overview

MAEC	2023 Proposed County Funding	2023 FTE Total
	\$907K	0

Budget Summary:

- ❖ *Increasing Expenses: \$715,000*
- ❖ *Increasing Revenues: (\$760,000)*
- ❖ *Expense Change Request: (\$45,000)*

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Mountain America Exposition Center

New Initiatives:

❖ <i>3% Annual wage/benefit increase</i>	\$52,611
❖ <i>Transit Benefit – Full time employees</i>	\$10,000
❖ <i>Operations Position, Sustainability Technician</i>	\$52,920
❖ <i>Sales Department Coordinator</i>	\$50,388
❖ <i>Add Safety Liaison Staffing</i>	\$85,000
❖ <i>ASM Global IT Cybersecurity Service</i>	\$35,000
❖ <i>General Liability Insurance Increases</i>	\$45,000

**These new initiatives are planned for in2023 while reducing County funding from 2022 base budget.*

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Visit Salt Lake

PANDEMIC IMPACT VISITOR ECONOMY: Before, During & Recovery

Before (2019)	During (2020 & 2021)	Recovery (2022 & Beyond)
819,660 rooms booked in 2019	56 meeting/convention cancellations estimating \$383,551,106 loss in economic impact. 721,172 rooms booked in 2020 & 716,710 rooms booked in 2021.	850,000 projected room nights booked 2022 ❖ 900,000 Target room nights booked for 2023
41,152 tourism-related jobs in SL County	31,956 tourism-related jobs in SL County in 2020	49,000 Projected Tourism-related Jobs in Salt Lake County ❖ Hyatt Regency Salt Lake City (opening Fall 2022)

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Visitor Economy Impact...

- **TOTAL VISITOR SPENDING:** \$4.6 billion in SL County
 - Generating \$215 Million in County Tax Revenue
- **SALT LAKE COUNTY VISITOR SPENDING:** 46% of the total statewide amount (including transportation)
- **TOURISM SUPPORTED JOBS:** Est. 49,000 Jobs
 - Average Salary of \$46,000 Annual (\$2.25 Billion)



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Visitor Promotion Contract - VSL

Core Mission:

- ❖ *Visit Salt Lake expands economic vitality through visitor spending in Salt Lake County.*
- ❖ *Visit Salt Lake generates positive messaging about Salt Lake County as a premier travel, tourism and meeting destination.*
- ❖ *Visit Salt Lake impacts Salt Lake County's economy by bringing new money into Salt Lake County that improves businesses and both supports and creates jobs in the hospitality industry.*

2023 Budget Overview

VSL	2023 Proposed County Funding	2023 FTE Total
	\$14,060,200	0

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Funding:

- Salt Lake County has a 4.25% hotel/accommodation stay tax called the Transient Room Tax (TRT).
- The State of Utah requires the TRT be used “to support the Visitor Economy through two categories: promotion & projects.”
- Salt Lake County has designated that 2.25% of the TRT go to projects and promotions and 2% of TRT go to strictly promotion.
- Visit Salt Lake has a contract with Salt Lake County to promote the Salt Lake County area as a convention and travel destination.
- Visit Salt Lake’s budget/funding is based on the 2% TRT on hotel/accommodation stay revenues.

A white wireframe graphic of a complex, multi-faceted geometric shape, possibly a crystal or a stylized mountain peak, set against a dark teal background.

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% of 2021	TRT Status	Month TRT generated	2% TRT	% of 2019
82%	TRT Collected	Jan-22	1,027	16%
110%	TRT Collected	Feb-22	1,204	16%
93%	TRT Collected	Mar-22	1,516	21%
92%	TRT Collected	Apr-22	1,292	54%
27%	TRT Collected	May-22	937	1%
13%	TRT Collected	Jun-22	1,207	12%
28%	SL Co Projection	Jul-22	1,165	3%
17%	SL Co Projection	Aug-22	1,275	33%
17%	SL Co Projection	Sep-22	1,155	1%
17%	SL Co Projection	Oct-22	925	2%
17%	SL Co Projection	Nov-22	925	42%
15%	SL Co Projection	Dec-22	1,217	42%

New SLCo/VSL Estimated Total for 2022 **13,845**

Historical Data % Comparisons

Sept. '21 Board Retreat Forecast	11,858	17%
May '22 STR Forecast	14,121	-2%
2019 TRT Returns	11,675	19%
2021 TRT Returns	10,029	38%
2002 TRT Returns (Olympics Year)	5,910	134%

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PROGRAM BUDGETS

	2021 ACTUAL	2022 BUDGET ESTIMATE	PROPOSED 2023 BUDGET
Sales & Marketing Programs	\$4,697,201	\$6,537,943	\$6,843,500
Salaries & Benefits supported by TRT	\$4,280,225	\$6,102,256	\$7,216,700
Ski City Ticketing & Marketing supported by TRCC	\$450,000	\$450,000	\$450,000
TOTAL PUBLIC SECTOR BUDGET	\$9,427,426	\$13,090,199	\$14,510,200
<i>Percentage change over prior years</i>	4%	39%	11%
Additional Sales & Marketing Programs			
UOT: CO-OP & Meet In Utah	\$925,000		
Use/(Deposit) of County Reserves	(\$609,000)	(\$94,000)	(\$28,000)
Salt Lake County Overhead	(\$164,000)	(\$218,000)	(\$218,000)
Workforce Services	\$475,000		
VSL Private Sector Funds and Programs	\$469,000	\$171,593	
TOTAL SALES & MARKETING BUDGET	\$10,523,426	\$12,949,792	\$14,264,200
<i>Percentage change over prior years</i>	8%	23%	10%

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FUND BALANCE

TRT Fund Projections - Visit Salt Lake

000's	2021 <i>Actual</i>	2022 <i>Pro-forma</i>	2023 <i>Pro-forma</i>
1. Opening Balance	\$1,245	\$1,531	\$2,459
2. Transient Room Tax	\$10,029	\$13,845	\$13,845
% TRT growth/decline	64.7%	38.0%	0.0%
Total available	\$11,275	\$15,376	\$16,305
Salaries & Benefits	(4,730)	(5,907)	(7,217)
% change vs prior year	31.7%	24.9%	22.2%
Program Budgets	(4,240)	(6,733)	(6,844)
% change vs prior year	-7.3%	58.8%	1.6%
Operating Expenses	(8,970)	(12,640)	(14,060)
% change vs prior year	-2%	40.9%	11%
Prelim. Balance @ Year End	\$2,304	\$2,736	\$2,244
County Overhead	(\$164)	(\$218)	(\$218)
5% County Reserve Adjustment	(\$609)	(\$94)	(\$28)
Interest Credit for County Fund		\$35	
Available Balance @ Y.E.	\$1,531	\$2,459	\$1,998
SLCo VPF (3600) Fund Balance @ Y.E.	\$2,140	\$3,162	\$2,823

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TRT - Visitor Promotion Fund Contributions

Transient
Room Tax

- Sundance - \$150,000
- Sports Commission - \$100,000
- Utah Restaurant Associations (UT & SL Area) - \$25,000

THANK YOU!