

Tourism Allocation Outlook

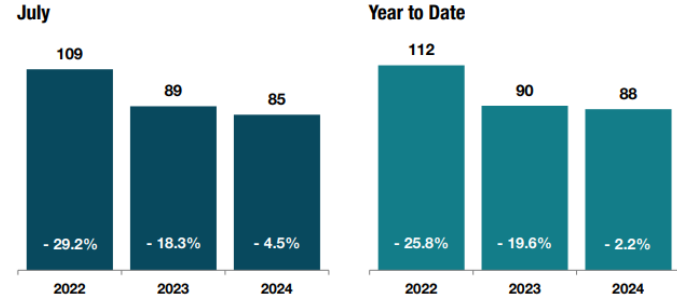
Monday, October 28, 2024



Current Trends

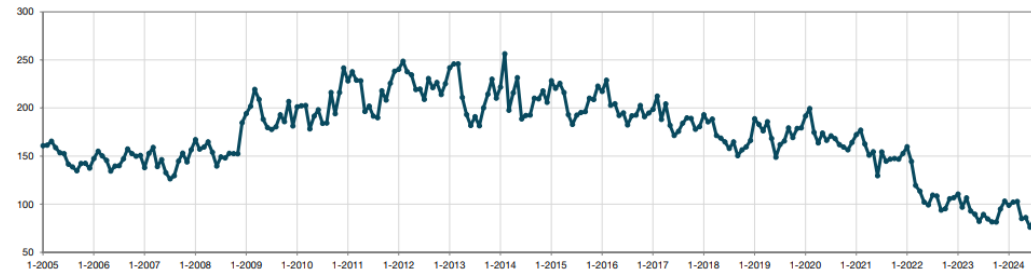
Housing Affordability Index

This index measures housing affordability for the region. For example, an index of 120 means the median household income is 120% of what is necessary to qualify for the median-priced home under prevailing interest rates. A higher number means greater affordability.

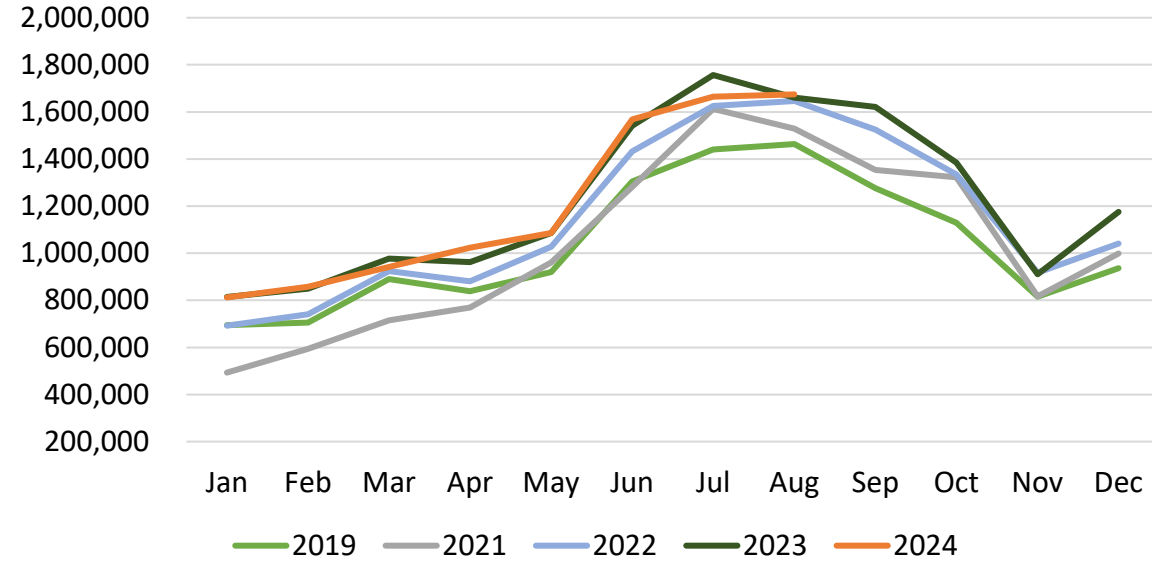


Affordability Index	Prior Year	Percent Change
August 2023	108	-21.3%
September 2023	94	-12.8%
October 2023	95	-14.7%
November 2023	106	-10.4%
December 2023	107	-3.7%
January 2024	99	-10.0%
February 2024	102	+5.2%
March 2024	106	-2.8%
April 2024	93	-8.6%
May 2024	89	-3.4%
June 2024	82	-7.3%
July 2024	89	-4.5%
12-Month Avg	98	-8.2%

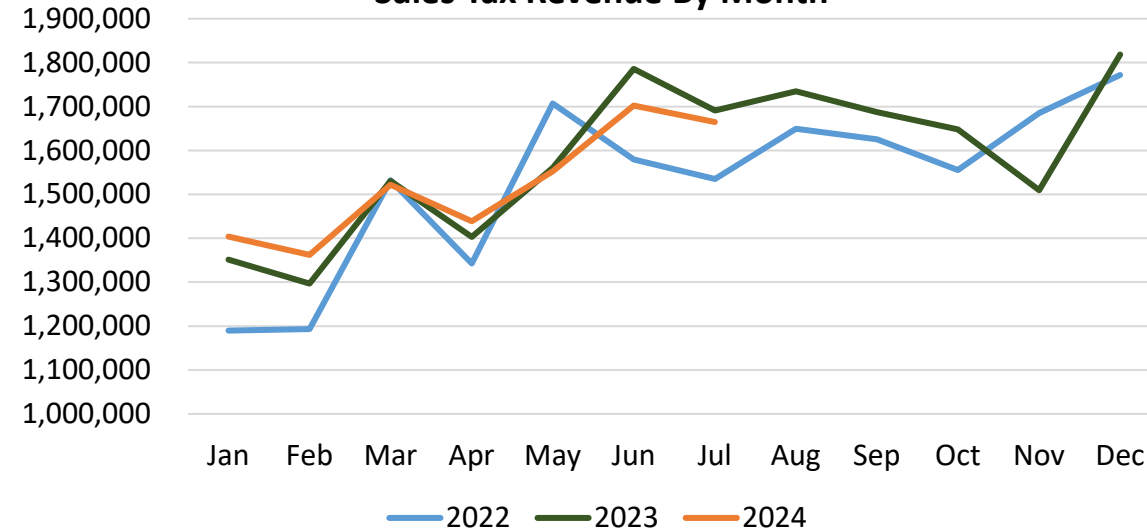
Historical Housing Affordability Index by Month



Tourism Tax Collections by Month

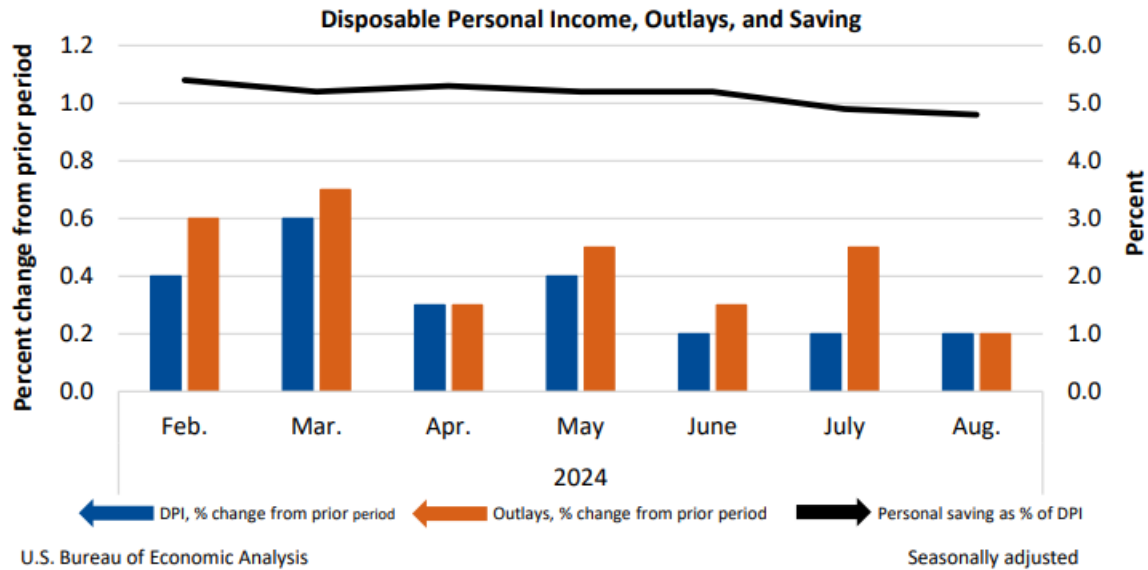


Sales Tax Revenue By Month

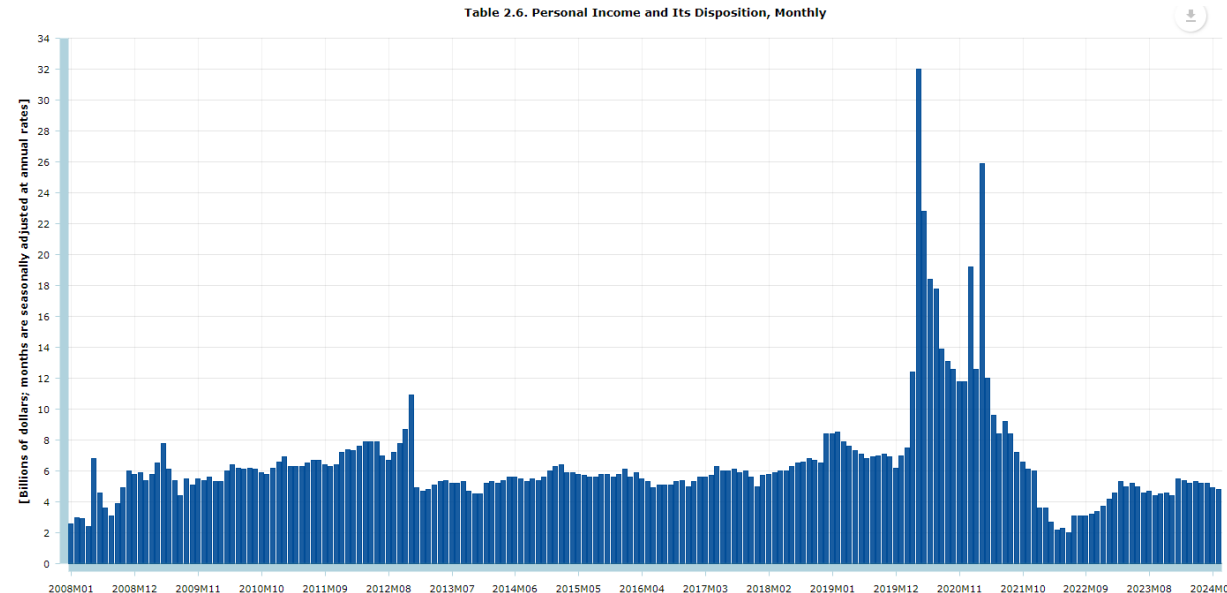


Personal Income and Outlays, August 2024

Personal income increased \$50.5 billion (0.2 percent at a monthly rate) in August. Disposable personal income (DPI)—personal income less personal current taxes—increased \$34.2 billion (0.2 percent). Personal outlays—the sum of personal consumption expenditures (PCE), personal interest payments, and personal current transfer payments—increased \$48.3 billion (0.2 percent) and consumer spending increased \$47.2 billion (0.2 percent). Personal saving was \$1.05 trillion and the personal saving rate—personal saving as a percentage of disposable personal income—was 4.8 percent in August.

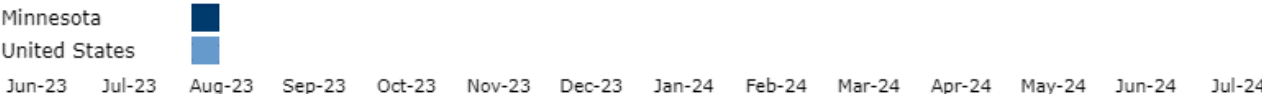
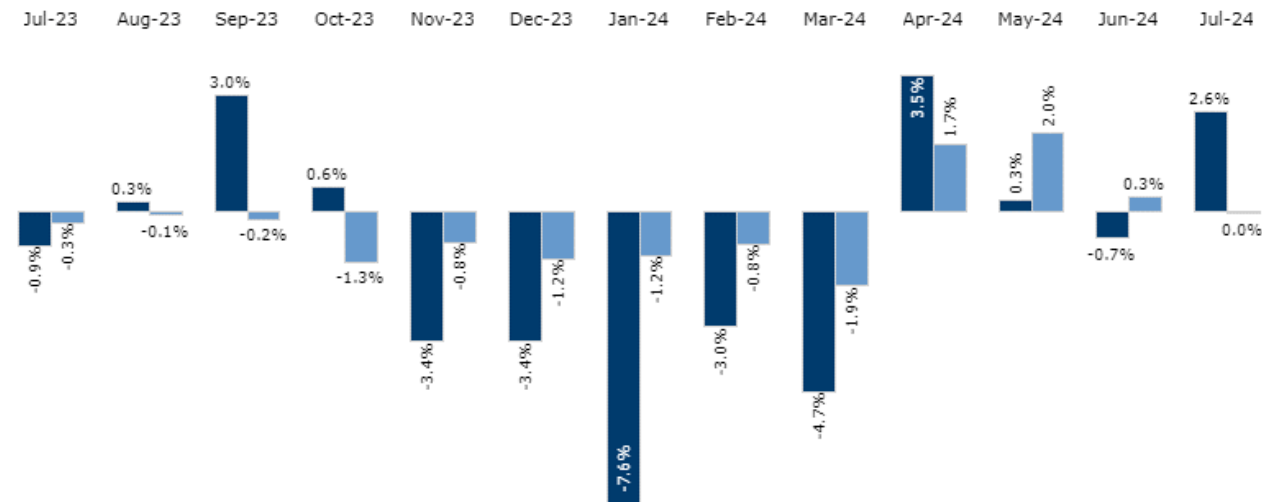


Personal Savings as a Percentage of Disposable Income



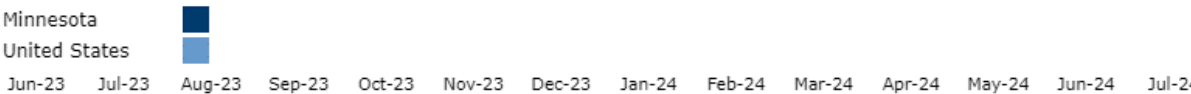
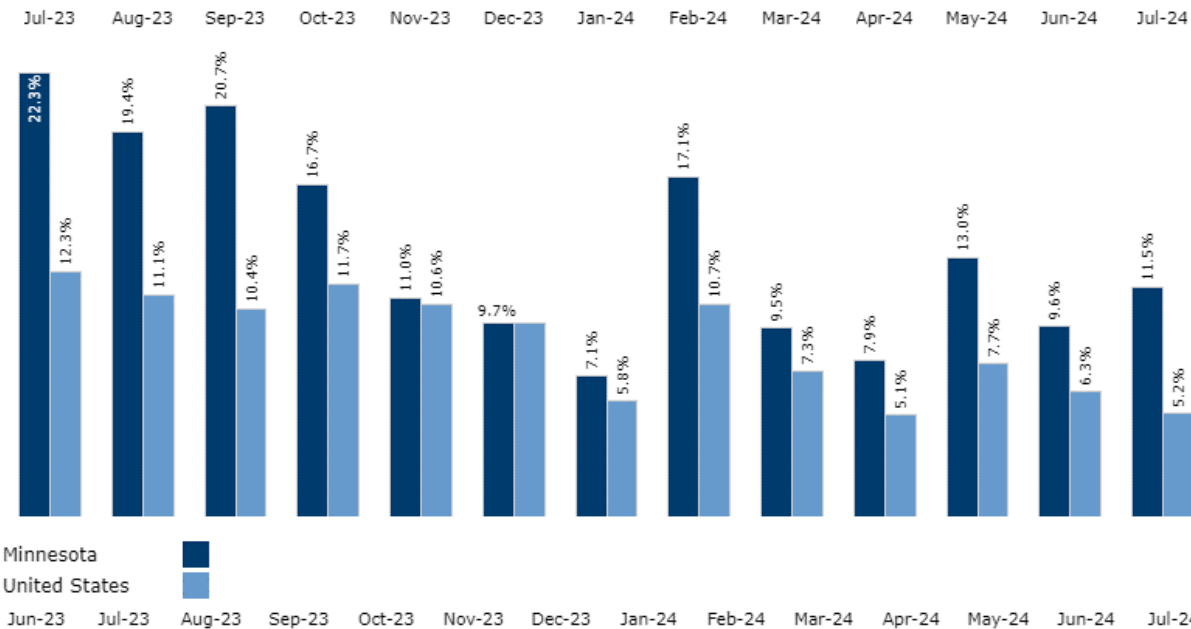
Lodging Demand by Month

Minnesota vs U.S., % Change YOY



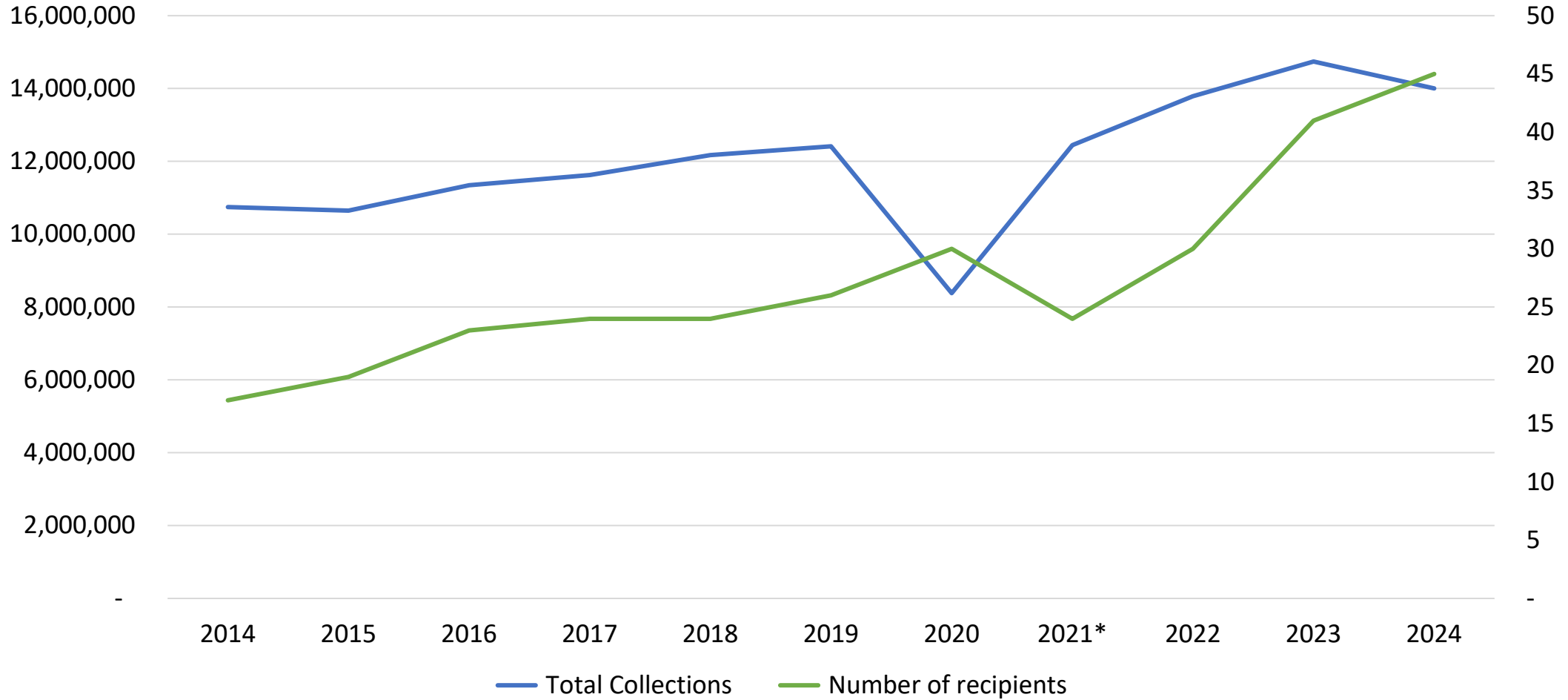
Air Passengers by Month

Minnesota vs U.S., % Change YOY



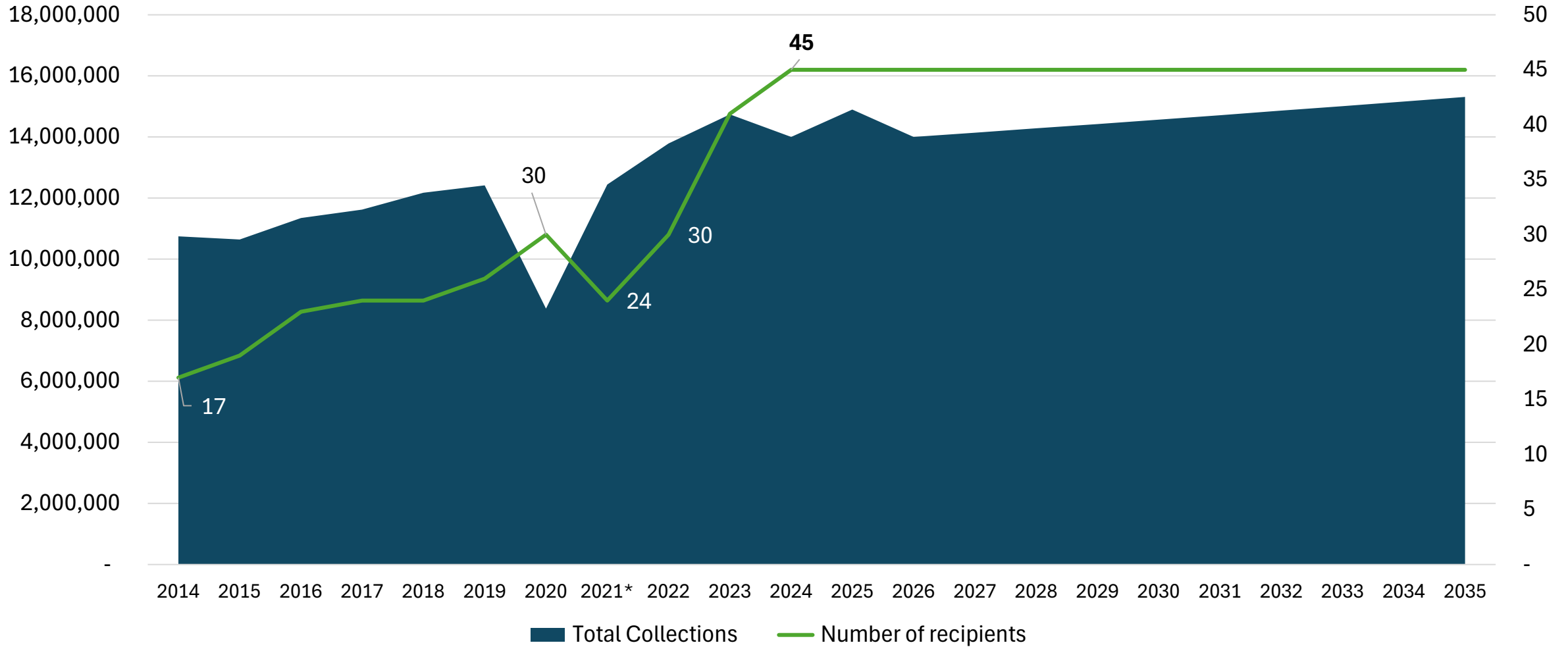
	2014	2015	2016	2017	2018	2019	2020	2021*	2022	2023	2024
DECC Amsoil Arena Debt Service	2,858,600	2,999,000	3,404,500	3,651,300	3,602,600	3,745,700	3,754,900	2,963,600	3,754,900	3,821,700	4,331,900
Visit Duluth	1,600,000	1,916,400	1,775,000	1,900,000	2,000,000	2,000,000	2,000,000		950,000	650,000	650,000
Advertising and Publicity								1,500,000	1,800,000	1,800,000	1,800,000
Tourism Marketing Position									100,000	111,700	123,000
West Duluth Debt Service		1,450,000	1,625,900	1,707,500	1,699,200	1,753,100	1,754,700	1,342,500	1,754,700	1,860,700	1,994,400
Lake Front Restoration Project										520,000	550,000
Transfer to General Fund	827,900	824,900	1,095,000	1,095,000	1,095,000	1,095,000	1,095,000	821,300	1,195,000	1,234,800	1,315,100
Lake Superior Zoo Fund	510,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000
Spirit Mountain Debt/Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Spirit Mountain Coaster Lease	145,700	145,700	145,700	145,700	145,700	145,700	145,700	145,700	145,700	145,700	145,700
Great Lakes Aquarium	350,000	360,000	360,000	372,500	360,000	360,000	360,000	270,000	320,000	340,000	350,000
Business Improvement District	200,000	200,000	200,000	200,000	200,000	200,000	220,000	220,000	220,000	230,000	236,000
Heritage & Arts Center/Depot	176,800	176,800	226,800	226,800	220,000	220,000	220,000	165,000	200,000	220,000	240,000
Capital Projects	100,000	119,300	135,100	50,000	-			-			
Other Promotional Programs	234,000		200,000	85,500	72,000	25,000	-	-			
DECC - Bayfront Park	88,000	60,000	60,000	60,000	60,000	60,000	69,200	71,300	71,300	73,500	77,900
DECC - Blue Bridge Operations		38,000	38,000	38,000	39,100	40,000	41,000	43,000	44,500	46,700	49,700
Operational Contingency	34,900	89,400	92,800	195,000	4,600	215,200	97,500	-		40,000	44,000
Public Arts Fund	50,000	40,000	40,000	40,000	15,000	15,000	15,000			50,000	25,000
Duluth Sister Cities International	30,000	40,000	40,000	40,000	40,000	40,000	40,000	-	25,000	25,000	25,000
Lake Superior & Mississippi RR	20,000	20,000	20,000	20,000	20,000	20,000	20,000		20,000		20,000
Rail Alliance	12,500	12,500	12,500	9,800	15,000	15,000	15,000	15,000	15,000	20,000	20,700
Glensheen Matching Funds		50,000	50,000	50,000	50,000	50,000	50,000	20,000	35,000	35,000	30,000
Spirit Mountain Operations			250,000	200,000	275,000	275,000	275,000	475,000	440,000	440,000	440,000
Mounted Patrol Support			30,000	30,000	-	-	-			-	
Tourism-Related Grant Fund			50,000							-	
Fourth Fest Fireworks				50,000	50,000	57,000	57,000	57,000	57,000	70,000	70,000
Minnesota Slip Bridge				500,000	550,000	550,000	550,000	550,000	550,000	30,000	
Children's Museum						20,000	20,000	5,000	20,000	50,000	50,000
Hawk Ridge Bird Observatory						20,000	20,000		30,000	40,000	40,000
DTA Trolley Service						55,000	-				
Independent Television Festival							50,000				20,000
Duluth Area Family Y/Parks and Rec Lifeguards							75,000	25,000	46,000	77,300	76,000
Ecolibrium							15,000				
Zeitgeist							30,000		25,000	25,000	20,000
UMD Athletics								20,000		30,000	
Duluth Airport - Denver Flight									50,000	50,000	
North Shore Scenic Railroad									50,000	50,000	50,000
Customs Facility - Cruise Ship									450,000		
Kraus Anderson- Harbortown Rotary Bike Duluth Festival									8,500	10,000	10,000
Gary New Duluth Skateboard Park									20,000	40,000	
MN Land Trust										50,000	50,000
Duluth Amateur Hockey Association										20,000	30,000
Catalyst Content Festival										30,000	
FinnFest										25,000	25,000
Main Street Lincoln Park - Ecolibrium 3										25,000	20,000
Clean and Safe Team - Lincoln Park										20,000	
Lake Superior & Mississippi Railroad Co.										20,000	
Parks and Rec - Capital											120,600
Duluth Art Institute Association											30,000
Duluth Playhouse - Skywalk Security											10,000
Duluth Street Art Initiative											20,000
Enger Irrigation											500,000
Gary New Duluth Development Alliance											40,000
Park Point Art Fair/Park Point Community Club											10,000
Parking Ramp Security Improvements											30,000
Parks Capital - Golf Abatement Bond Backing											150,000
The Cyclists of Gitchee Gumees Shores											15,000
Upper Midwest Film Office											35,000
	7,738,400	9,552,000	10,861,300	11,677,100	11,523,200	11,986,700	12,000,000	9,719,400	13,407,600	13,337,100	14,900,000

Collections vs Recipients Historical



* COVID Impacted # of Recipients

Collections vs Recipients



* COVID Impacted # of Recipients

Projected 2025 Funds Available for Allocations

Hotel-Motel			
Description	Governance	Allocation	Use
3% Hotel-Motel	City Charter	first 5%	General fund
		61.75%	DECC
		33.25%	Advertising & Publicity
2% Hotel-Motel	State Statute & City Ordinance	50%	Tourist-related public improvements
		50%	Promote tourism in Duluth
.5% Hotel-Motel	State Statute	100%	Debt service on St Louis River Corridor & parks-based public athletic facilities to support sports tourism
1% City Sales Tax collected on Hotel - Motel	City Ordinance	100%	Recreational, cultural, civic projects
Food & Beverage			
Description	Governed by	Allocation	Use
1% Food & Beverage	State Statute & City Ordinance	100%	Promote tourism in Duluth
.75% Food & Beverage	State Statute	100%	Debt service on Amsoil arena
.5% Food & Beverage	State Statute	100%	Debt service on St Louis River Corridor & parks-based public athletic facilities to support sports tourism

2025 Anticipated Collections		\$	14,000,000
Available Tourism Tax Fund Balance		\$	551,000
Commitments:			
	2024		2025
Debt:			
DECC- Amsoil Arena Debt Service	\$ 4,331,900	\$	4,388,800
Spirit Mountain Bond - Chalet	\$ 500,000	\$	500,000
Spirit Mountain Adventure Park Lease	\$ 145,700	\$	24,300
St Louis River Corridor Debt Service	\$ 1,994,400	\$	2,012,800
Lake Front Restoration Project	\$ 550,000	\$	550,000
NEW DEBT: Aerial Lift Bridge	\$ -	\$	339,800
NEW DEBT: Harbor Plaza	\$ -	\$	104,700
Total	\$ 7,522,000	\$	7,920,400
Contractual Agreements:			
DECC Blue Bridge	\$ 50,380	\$	50,800
General Fund Transfer	\$ 1,355,100	\$	1,482,800
Tourism Marketing Position	\$ 120,000	\$	-
Downtown Duluth (Special Service District)	\$ 236,000	\$	236,000
Zoo	\$ 510,000	\$	510,000
Northern Lights Express - Rail Alliance	\$ 20,700	\$	20,000
Total	\$ 2,255,180	\$	2,299,600
Committed:			
Visit Duluth	\$ 650,000	\$	650,000
Tourism Marketing Contract	\$ 1,800,000	\$	1,800,000
Fourth Fest Fireworks	\$ 70,000	\$	70,000
Bayfront Management Contract	\$ 82,900	\$	82,900
Enger Irrigation	\$ 500,000	\$	-
UMD Track and Field Championships	\$ -	\$	25,000
	\$ 3,102,900	\$	2,627,900
Remaining Tourism Funds to be Allocated		\$	1,703,100

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2024 Allocations			
Parks Capital-Golf Abatement Bond backing	\$	150,000	
Depot Foundation	\$	240,000	
Duluth Sister Cities International	\$	25,000	
Lake Superior & Mississippi Railroad	\$	25,000	
Spirit Mountain Operations	\$	440,000	
Great Lakes Aquarium	\$	350,000	
North Shore Scenic Railroad	\$	50,000	
City of Duluth Parks and Recreation	\$	76,000	
City of Duluth Parks and Recreation - Capital	\$	120,600	
Zeitgeist Center for Arts and Community	\$	20,000	
Harbortown Rotary Bike Duluth Festival	\$	10,000	
Gary New Duluth Development Alliance	\$	40,000	
MN Land Trust	\$	50,000	
Duluth Amateur Hockey Association	\$	30,000	
Catalyst Content Festival/ Independent Television	\$	20,000	
FinnFest	\$	25,000	
Lincoln Park Business Group	\$	20,000	
Glensheen	\$	30,000	
Hawk Ridge Bird Observatory	\$	40,000	
Duluth Children's Museum	\$	50,000	
Duluth Public Arts Commission	\$	25,000	
The Cyclists of Gitchee Gumees Shores (COGGS)	\$	15,000	
Duluth Playhouse-Skywalk Security	\$	10,000	
Upper Midwest Film Office	\$	35,000	
Duluth Street Art Initiative	\$	20,000	
Duluth Art Institute Association	\$	30,000	
Park Point Art Fair/Park Point Community Club	\$	10,000	
Parking Ramp Security Improvements	\$	30,000	
Operational Contingency/Undesignated Fund B	\$	33,320	
Total	\$	2,019,920	\$ -

2025 Tourism Funds to be Allocated: \$1,703,100
(includes \$551k from available tourism tax fund balance)

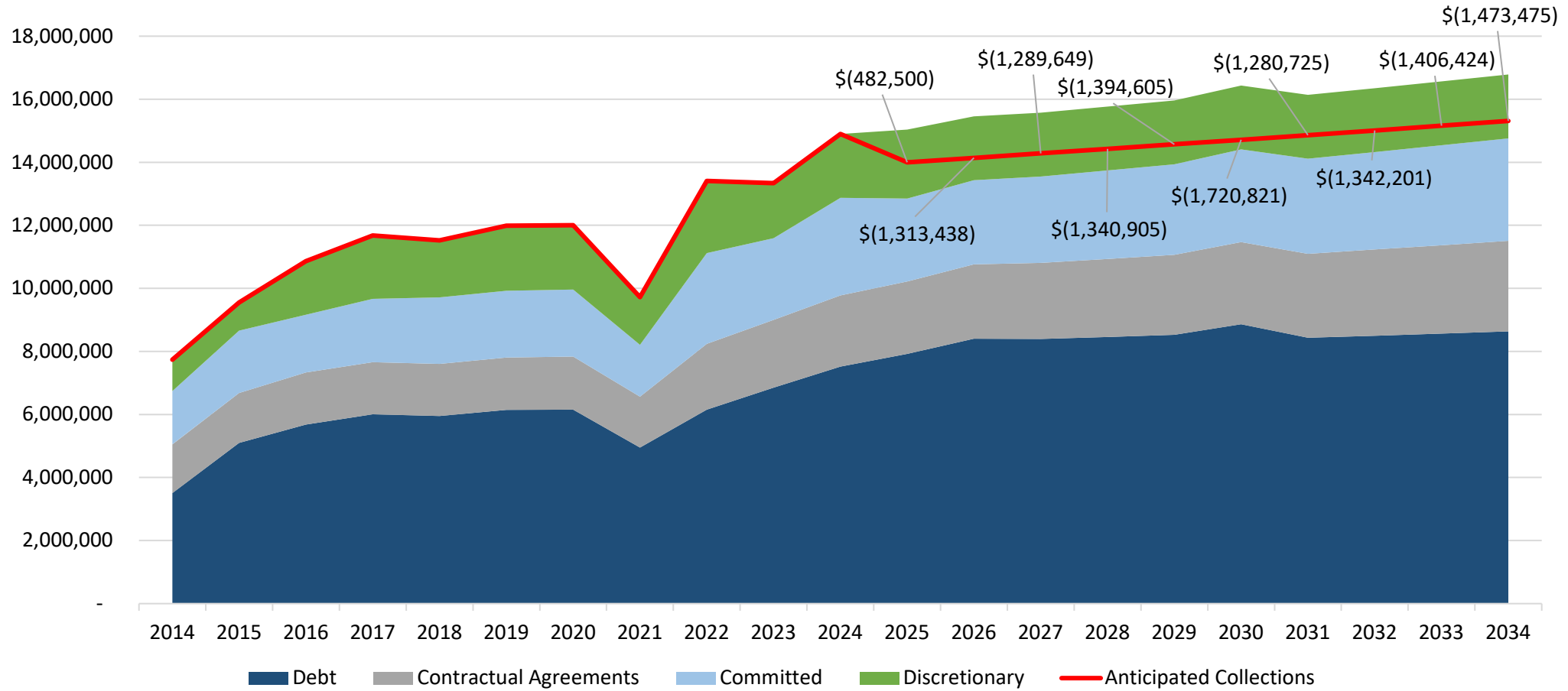
2024 Tourism Tax Requests: \$4,405,279

2024 Budgeted Tourism Tax Allocations: \$2,019,920

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	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Anticipated Collections	\$ 14,000,000	\$ 14,140,000	\$ 14,281,400	\$ 14,424,214	\$ 14,568,456	\$ 14,714,141	\$ 14,861,282	\$ 15,009,895	\$ 15,159,994	\$ 15,311,594
Tourism Tax Fund Balance	\$ 551,000									
Estimated Debt:	\$ 7,920,400	\$ 8,402,775	\$ 8,394,760	\$ 8,460,632	\$ 8,526,018	\$ 8,862,633	\$ 8,431,010	\$ 8,498,964	\$ 8,567,598	\$ 8,636,918
Estimated Contractual Agreements:	\$ 2,299,600	\$ 2,357,090	\$ 2,416,017	\$ 2,476,418	\$ 2,538,328	\$ 2,601,786	\$ 2,666,831	\$ 2,733,502	\$ 2,801,839	\$ 2,871,885
Estimated Committed:	\$ 2,627,900	\$ 2,667,973	\$ 2,734,672	\$ 2,803,039	\$ 2,873,115	\$ 2,944,942	\$ 3,018,566	\$ 3,094,030	\$ 3,171,381	\$ 3,250,665
Remaining Tourism Funds to be Allocated	\$ 1,703,100	\$ 712,162	\$ 735,951	\$ 684,695	\$ 630,995	\$ 304,779	\$ 744,875	\$ 683,399	\$ 619,176	\$ 552,125

Tourism Outlook



Questions?



Assumptions built into this presentation:

- Tourism tax collections will grow 1% annually (Source: US Travel Association; Tourism Economics)
- Inflation will be around 2.5% annually
- New debt payments for Spirit Mountain
- New debt payments for Aerial Lift Bridge
- New debt payments for Harbor Plaza