

# THE ROLE OF TOURISM

## in Ashland's Economy

Ashland has a long history of drawing visitors to its natural and cultural attractions, from its healing waters, outdoor recreation, and picturesque small town setting, to its rich offerings in theater, art, music and local cuisine. Visitor spending helps to support the town's rich and diverse cultural, recreational, retail and dining opportunities. Visitors supplement local demand for goods and services which leads to more and varied kinds of businesses, from specialty boutiques and day spas to sporting goods and river-rafting companies. Visitor spending on lodging and food also contributes much-needed tax revenue and enables the city to "export" some of its tax burden to nonresidents.

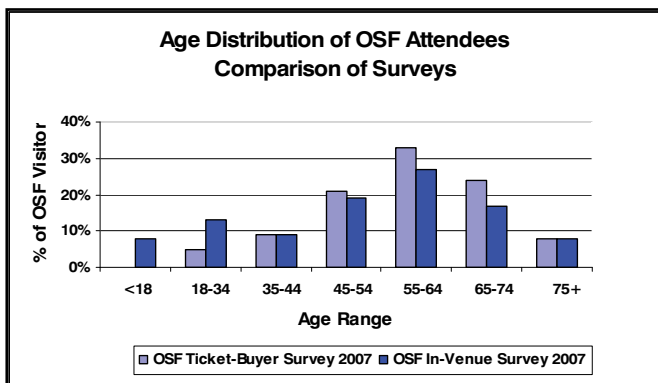
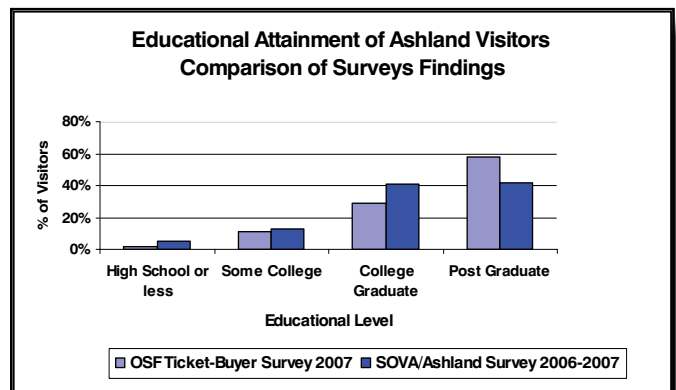
The highlights of profiles of visitors to Ashland are based on the survey efforts of the Oregon Shakespeare Festival, the Ashland Chamber of Commerce, and the Southern Oregon Visitors' Association.

### Education – highly educated

Ashland visitors are highly educated with:

82% - 87% college or graduate degrees  
(3 times higher than the US 27% average)

**Upward trend:** In 1991, 41% had a graduate or professional degree which has increased to 58% in 2007 (national average is 10%).



**Age:** Baby boomers represent the majority of Ashland visitors with the largest group (50-65 age) reflecting higher incomes, fewer dependents at home, more leisure time

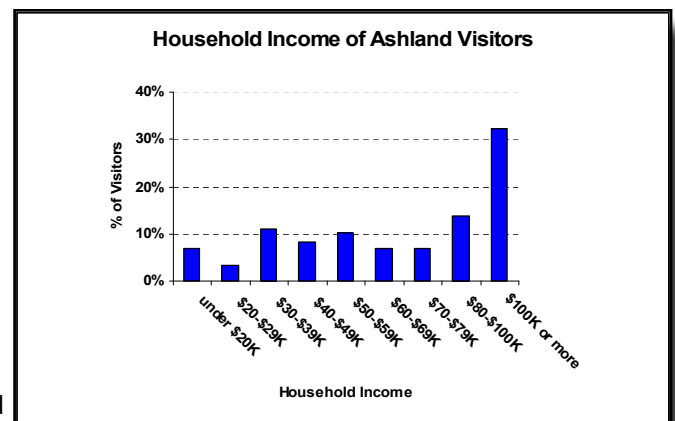
**Zip – West Coasters:** California continues to dominate representing 45% of Ashland visitors and 55% of OSF visitors

**Income:** 45% - 52% have incomes over \$100,000  
58% are from a two income households

**Southern Oregon visitors:** 32% over \$100,000  
American households: 20% over \$100,000

**Upward trend:** From 1997 to 2007, household earnings over \$150,000 have grown from 38% to 44%

**Return visitors:** 65% - 75% visited Ashland in the past; 50% visited in summer



**Activities – culturally inclined & outdoor:** In addition to a majority selecting OSF as a destination, 80% selected shopping, sightseeing and restaurants as primary activities - 55% indicated they hiked or walked as an activity.

### Model of Spending by Visitors to Ashland

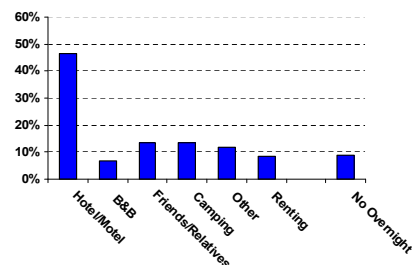
2007

	OSF Visitors	All Visitors (incl. OSF)
<b>Total Spending by Category</b>		
Accommodations	\$11,865,107	\$20,764,503
Food	\$11,026,107	\$18,216,429
Shopping (Selected Retail)*	\$6,425,815	\$10,459,109
Arts, Recreation, Entertainment	\$12,587,613	\$21,859,715
<b>Total Visitor-Related Spending</b>	<b>\$41,904,641</b>	<b>\$71,299,755</b>
<b>Distribution of Spending by Category</b>		
Accommodations	28%	29%
Food	26%	26%
Shopping (Selected Retail)	15%	15%
Arts, Recreation, Entertainment	30%	31%
Total Visitor-Related Spending	100%	100%
<b>Totals</b>		
Count of visitors	90,000	304,530
Spending per visitor per trip (Total/Visitors)	\$466	\$234
Spending per visitor per day	\$166	\$90
Spending per Party per day	\$416	\$225
Spending per Party per Trip	\$1,164	\$585

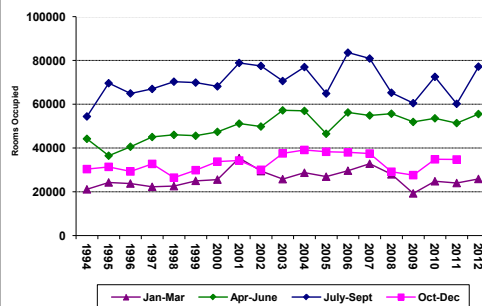
\* From Economic Census 2002, inflated to 2008\$. Allocated share of sales to visitors: Sporting goods (20%), Gift Stores (60%), Clothing and Acc. Stores (50%), Health and Personal Care Stores (10%).

Sources: Estimates of Visitor Expenditures: OSF Expenditures from: Wolf, Brown, "Summary Report: 2007 Surveys of OSF Members and Ticket Buyers" Reid, Adapted from Food and Beverage Tax and Transient Occupancy Tax data. Assume locals spend \$1,000 per capita spend F&B annually Reid from Dean Runyan, Annual Visitor Expenditures, adapted to Ashland Reid, adapted from 2002 Economic Census, Receipts for Ashland by sector, adjusted for inflation Estimates of Visitors: Reid, Visitor estimates based on Rooms Rented from City of Ashland; surveys from OSF, SOVA and Ashland Chamber of Commerce OSF, Economic Impact report

### Accommodations of Ashland Visitors Ashland Chamber Survey, 2008

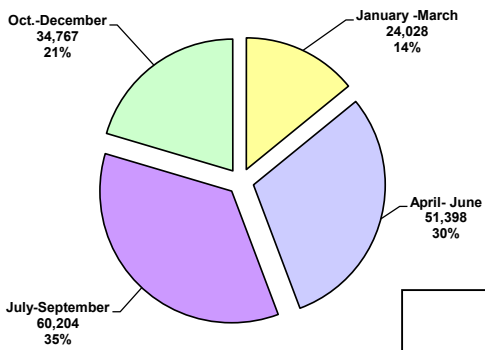


### Rooms Rented by Quarter Calendar Years 1994-2012

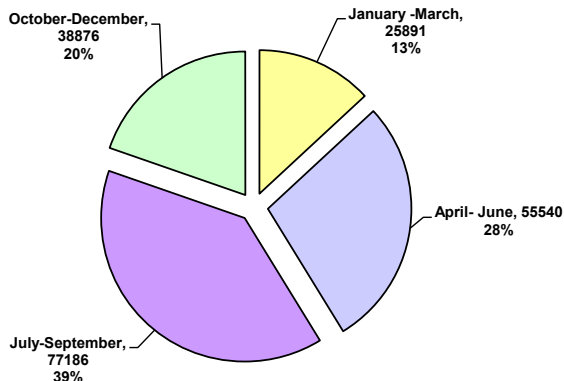


**Stay:** The average length of stay is 3.5 days with the majority of visitors staying in hotels, motels and bed and breakfasts.

### Rooms Rented by Quarter 2011 Total = 170,397



### Rooms Rented by Quarter 2012 Total = 197,493



**Supply & Demand for Rooms:** Since 1994, the supply of available rooms has generally kept pace with room demand. Annual average occupancy rates have ranged from 42% to 50%. However, rates have fluctuated more in the summer quarters, from 62% to 84%, and less in the winter quarters, 26% to 34%. Room demand increased substantially between 2011 and 2012, when total rooms rented rose 16%, to over 197,493.

**Rates:** Since 1994, average room rates have increased by 83%, or 20% adjusted for inflation. Rising room rates and a sustained increase in demand account for the substantial growth in Transient Occupancy Tax revenues and receipts to the lodging industry.

## Highlights from 2009 Tourism Economy Study

Rebecca L. Reid, January 2009

### Ashland Employment & Payroll, 2009

While overall pay in Ashland is markedly lower than the state average, Ashland’s visitor sector pays close to or above the state average

	Ave. Payroll	As of % of state ave	Jobs	% Ashland Jobs	Total payroll
Average Ashland payroll	\$28,982	73% of state average	10,165		\$294,605,196
Arts, Ent, Rec	\$26,036	119% of state average	830	8%	\$ 21,609,964
Accomm/Food sector	\$14,638	96% of state average	1,843	18%	\$ 26,977,135
Retail	\$24,101	94% of state average	1,440	14%	\$ 34,705,599

Average pay levels in visitor-related sectors in Ashland, are closer to industry averages statewide. Ashland’s higher-paying jobs reflect its rich cultural, historical and recreational offerings. In fact, it is likely that worker pay is understated in Ashland’s AE&R industry for several reasons. Similar to the Retail Trade sector, the AE&R sector likely has numerous small businesses whose owners and their pay are not reported here. Additionally, the average wage of Ashland’s AE&R sector is further dampened by the volume part-time workers hired seasonally, such as those working from December to April at Mt. Ashland.

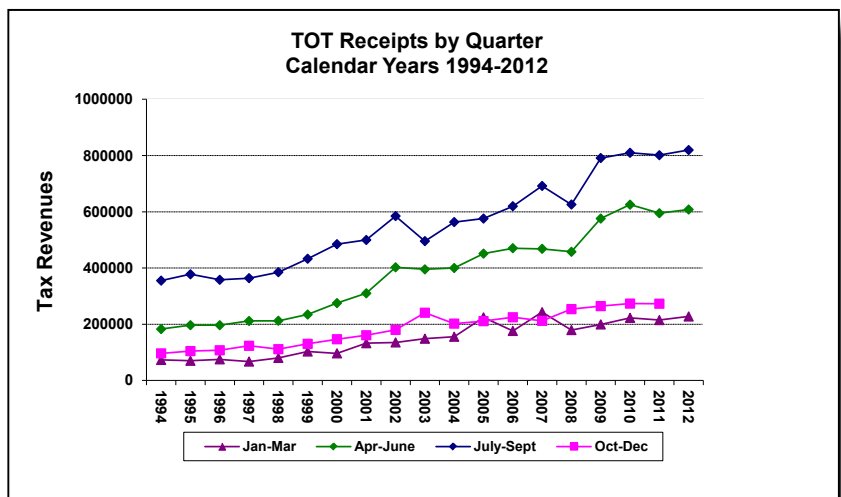
Sectors affected by seasonally-fluctuating visitor demand also tend to feature part-time employment. The employment data counts a full and part-time worker equally, so the average employment measure overstates the magnitude of full-time jobs in these industries. An improved measure of the relative importance of an industry is its share of total payroll. The relatively high shares of employment and payroll in these two sectors support the view that Ashland has a significant visitor-oriented economy.

### Visitor-Related Taxes: Transient Occupancy Tax and the Food and Beverage Tax

In addition to purchases of Ashland’s goods and services, visitors also contribute to the City’s tax revenues by paying for surcharges on expenditures for accommodations, food and beverages through Ashland’s Transient Occupancy Tax (TOT) and its Food and Beverage Tax (F&B). In 2011 (calendar year) the City collected nearly \$4 million from the two visitor-oriented taxes.

#### Tax Revenues:

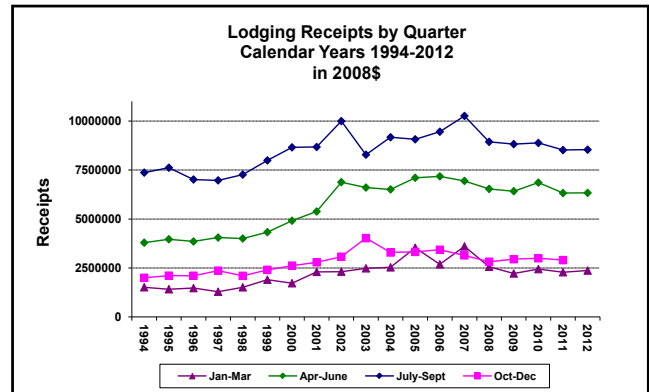
- TOT (Transient Occupancy Tax) since its inception in 1975 has raised nearly \$30 million in taxes.
- TOT revenues between 1994 and 2011 increased by 181%, or 85% adjusted for inflation.
- TOT revenues average \$94 per resident, which is nearly 4 times greater than statewide average.



## Receipts and Sales of Lodging and Eating Places

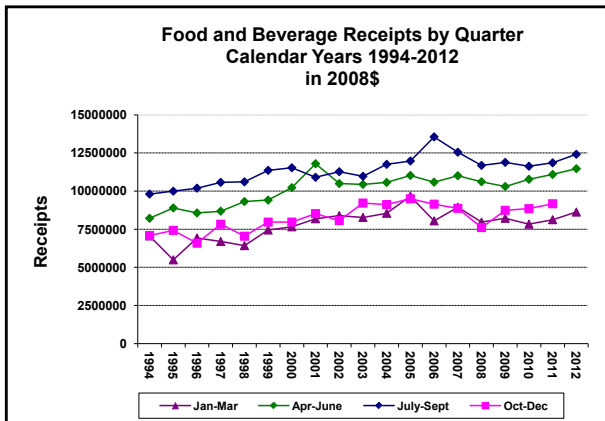
### Trends in Lodging Receipts

Between 1994 and 2007 Ashland's lodging receipts rose steadily, increasing 63% in inflation-adjusted terms. However, between 2007 and 2011 lodging receipts declined by 16% to their lowest level since 2001 (TOT and lodging receipts data are not available for 2012, but room rentals for the year increased by 16% between 2011 and 2012). Overall, since 1994 receipts to Ashland lodging establishments have increased by 82%, or 36% when adjusted for inflation. Inflation adjustment is important to correct for increases in receipts related only to the general rise in the national price level rather than real increases in revenues to lodging places. Lodging receipts fell by 10% during 2008, or 11% when adjusted for inflation.



### The Food and Beverage Tax

Ashland has levied a 5% tax on all prepared food and served beverages sold (excluding alcohol) within the City's boundaries since July 1994. The revenues are dedicated to the purchase of Open Space Parkland and to offset the costs of a city wastewater treatment plant. While principally visitors and business travelers pay the City's lodging tax, both local and out-of-town customers of restaurants and bars contribute to its F&B tax.



Over the past seventeen years the F&B tax has cumulatively collected nearly \$30 million. F&B revenues were 12% higher than the lodging taxes, and totaled \$2.1 million (\$104 per capita) in the 2011. Since FY1995, the first full fiscal year in which they were collected, F&B tax revenues have increased by 90%, or 25% in inflation-adjusted dollars.

Growth in F&B revenues mirrors the growth in sales of prepared food and beverages in Ashland over a time frame in which the City's population grew by about 9.5%. While Ashland residents may have been spending more on prepared food, it is more likely that much of this revenue increase relates to increased consumption of locally-prepared food by out-of-towners. This likelihood is consistent with the decisive increase in lodging tax revenues, which were up 166% (75% in inflation-adjusted terms) since 1994.

### Estimates of Visitors to Ashland

Estimates of visitors to Ashland are based on the number of rooms rented in motels, hotels, bed and breakfast inns and other commercial lodging places that are reported to the City when these businesses pay their quarterly Transient Occupancy Tax. Quarterly room counts combined with estimates of nights stayed and party size yield the quarterly and annual visitor estimates.

