

Key Assumptions:

- Average family (two parents, two children) on vacation spends \$300 per day
- Average duration of family vacation is 4 days
- Without any improvements, 5,000 tourists are expected to visit the town in a year
- The “Improvements” budget for the town dedicated to attracting visitors is \$600,000 per year
(for every 1,000 more annual tourists, budget can be increased by \$50,000)

Possible Improvements:

Construct a Visitor’s Center

Purpose: *to welcome visitors and help them plan their vacation*

Cost: *\$4,000,000 construction costs (\$20,000 per year in loan payments); \$120,000 per year to operate*

Note: *While this will have no immediate impact on the number of tourists, this will help visitors increase the quality of their vacation, expose them to more options (thus raising spending), and lead to more return visitors.*

Downtown “Revitalization” Project

Purpose: *to provide a safer and more enjoyable downtown area*

Cost: *\$8,000,000 construction costs (\$40,000 per year in loan payments); \$240,000 per year to maintain*

Note: *This will make the downtown area more attractive to visitors, and is expected to increase tourism by 25% annually*

Tax Cut for Companies in the Tourism Sector

Purpose: *to encourage companies that cater to tourists to do business within the town*

Cost: *it is predicted that a 7% tax cut (property taxes) will encourage enough companies to open to offset the lost revenue from the lower taxes*

Note: *This is a controversial issue because it favors certain companies over others. For example, a bowling alley might receive the tax cut, but a barber shop that is next door will not.*

Build a “Recreation Site” with a Municipal Golf Course, Water Park, and Arcade / Game Center

Purpose: *to provide tourists with another recreation option, and to remain competitive with towns of similar size who are also attracting tourism*

Cost: *\$14,000,000 construction costs (\$110,000 per year in loan payments); \$460,000 per year to operate*

Note: *It is predicted that this project will increase tourism by 15% annually, and revenue from the center should cover operation costs*

Launch a Marketing Campaign

Purpose: *to position the town as a tourist destination and encourage visitors to give it a try*

Cost: *an effective statewide marketing campaign will cost \$200,000 per year, and is expected to increase tourism by 30%; an effective national marketing campaign will cost \$500,000 per year, and is expected to increase tourism by 50%*

Note: *Marketing campaigns are hit or miss, but experts say that any additional spending to increase tourism should be accompanied by at least a short term marketing campaign*