



To: Heber City Mayor, Council
CC: Mark Anderson, Heber City Manager
From: Ryan Starks *RStarks*
Date: June 5, 2015

Re: Heber City Hotel Development

One of the pillars of Heber City and Wasatch County's economy is tourism, which is generated from local activities and events. Heber City's 2010 master plan calls for the development of a "hotel district" and targets "multiple-day events that encourage extended stays."

Due to the volume of tourism-related activities, including events, reunions, business travel, and film, a shortage of available hotel rooms exists within Wasatch County and Heber City. Currently, only 904 rooms can be found in Wasatch County. More and more potential visitors are leaving Wasatch County to stay in Utah and Summit Counties during local major events such as Cowboy Poetry. With tourism on the rise, the need for additional hotel rooms in the area has never been greater.

Heber City currently has an offer from a developer to build an 80-room hotel on Highway 40. The development of this hotel would have a positive impact on Heber City's economy and could attract additional tourism activities. I have completed an analysis that highlights some of the economic benefits that would result in the development of an additional hotel in Heber City.

Visitor Demographics. In 2010, Heber Valley Tourism and Economic Development conducted a visitor survey utilizing Lighthouse Research to interview 601 participants over a six-month period. Visitors were asked information regarding household income, average daily spending, and the length of their visits. The following conclusions were made from the report:

- Average Household Income: \$75,000 - \$99,000
- Average Size of Party: Two People
- People Visiting for Events: 31 Percent
- Daily Retail Shopping Spending: \$58.00
- Daily Dining Spending: \$36.20
- Daily Entertainment Spending: \$28.13
- Other Food and Beverage: \$16.78
- All Other Daily Expenses: \$10.37

Hotel Assumptions. With the potential of an 80-room hotel being built in Heber City, certain assumptions can be made regarding the economic impact it would create. The following assumptions are based on an average annually occupancy rate of 40 percent with the hotel charging an average of \$110 per night. These assumptions also factor in actual data from the 2010 visitor survey and are as follows: (a) the total average daily spending (non-hotel) of a visitor is \$149.58, and (b) the total average daily spending (including the hotel) is \$259. Based on these figures, we can assume the following:



Heber Valley

- The total number of occupied hotel rooms on an annual basis is 11,680.
- The total annual room night revenue is \$1,284,800.
- The total economic impact from hotel rooms and daily spending is \$3,030,726.
- The total annual transient room tax collected from Heber City (at 1 percent) is \$12,848.00.

Based on the positive economic impact that an 80-room hotel with 40 percent occupancy would have on the city, I recommend creating a way to ensure that the proposed hotel builds its facility in Heber City. A new hotel would be in line with the city's master plan and would enhance local tourism development opportunities in Heber Valley. Additionally, new events and activities could find additional success with more available hotel rooms.

While the city could wait for development and another potential hotel to come to Heber, I believe it would be more prudent to be selective in which businesses are attracted to the area and to facilitate a timeline that meets the city's economic goals and objectives. With an estimated 350,000 visitors that participate in local events (excluding leisure travel), there is a real need to provide additional hotel accommodations.

I would be happy to provide additional information, and I am also willing to participate in a study with city staff to explore ways to ensure that the proposed hotel is developed in a timely manner.