

The Value of Heritage Tourism

July 2015-Oct. 2021

Introduction

The value of Heritage Tourism goes beyond the numbers and we passionately maintain that what has had a greater impact than the numbers below is our office/committee helping to establish energy for entrepreneurial and small business growth by inspiring people to dream big and seize opportunities available for the taking here in Red Cloud. We believe that we also bring value in that we are seeking to establish a culture of philanthropy and foster a growth mindset that has high expectations for the future of Red Cloud and values quality experiences for visitors and locals alike.

Below is a list of direct and indirect revenue generation from grants, loans, taxes and other sources connected to projects we've had a hand in developing since 2015. In some instances, we've added expenses covered by our office to promote/develop the community. Most Willa Cather Foundation projects are not included in this report unless they have a direct connection to the activities of the Heritage Tourism Development Office and what is included from WCF mostly pertains to the Hotel Garber project. We would argue that the City has derived a lot of value for its \$90K investment from 2015-20 (\$15K per year) and that it's in the City's best interest to continue investing in the collaboration.

VALUE SUMMARY SINCE 2015

Category	Value
<i>DIRECT GENERATION</i>	
Marketing and Community Promotion	\$90,233
City Planning	\$35,950
Community Development/Miscellaneous	\$122,872
Red Cloud Community Fund & Heritage Tourism Development	\$623,600
Additional Lodging Tax	\$19,800
Hotel Garber	\$4,252,342
<i>DIRECT GENERATION TOTAL</i>	<i>\$5,144,787</i>
<i>INDIRECT GENERATION</i>	
Indirect Influence	\$2,703,372
<i>PENDING GENERATION</i>	
Pending Revenue Sources	\$3,230,500
TOTAL REVENUE GENERATION	\$11,078,659

This is a conservative estimate of our impact as it does not capture economic impact from events, visitor spending (other than some lodging taxes), what construction crews working on Heritage Tourism projects spend and it also does not capture revenue generation from the Willa Cather Foundation that is not directly related to one of our projects generating from our office. It also does not add the estimated revenue that the Hotel Garber will generate over its first 10 years of existence. Currently, we project \$365,000 in new sales & lodging taxes over its first decade of operation and \$3.5 million in annual visitor spending. In short, we are soon set to demolish the already impressive numbers we've generated in years 1-6 of this collaboration.

The Value of Heritage Tourism
Detailed Report
July 2015-21

MARKETING AND COMMUNITY PROMOTION

Project	Grant/Loan/Tax Amount	Source(s)
Website and Brochure Development (2015)	\$25,000	Nebraska Tourism Commission, Webster County Visitor Promotion
Advertising and Creative Concept Development (2016)	\$15,000	Nebraska Tourism Commission, Webster County Visitor Promotion
Advertising (2017)	\$8,500	Nebraska Tourism Commission, Webster County Visitor Promotion
Advertising (2018)	\$8,500	Nebraska Tourism Commission, Webster County Visitor Promotion
Advertising (2019)	\$11,000	Nebraska Tourism Commission, Webster County Visitor Promotion
Advertising (2020)	\$11,000	Nebraska Tourism Commission, Webster County Visitor Promotion
TOTAL	\$79,000	
EXPENSES/IN-KIND		
Website Maintenance and Hosting (2015-July 2021)	\$9,387	Heritage Tourism Expense
Postage for RC Visitor and Relocation Requests (2015-July 2021)	\$1,846	Heritage Tourism Expense
TOTAL	\$11,233	
CATEGORY TOTAL	\$90,233	

Note: Marketing and community promotion value does not include in-kind work designing and updating website and social media, graphic design work and creation of other promotional materials.

CITY PLANNING

Project	Grant Amount	Source(s)
Planning Grant for Comprehensive Plan (2016)	\$30,000	Nebraska Department of Economic Development
Growth & Innovation Grant (2021): Leadership Certification, Planning Grant for DTR, Public Works, CDBG-CV (hospital)	\$5,950	Economic Development Administration to South Central Economic Development District
CATEGORY TOTAL	\$35,950	
CUMULATIVE TOTAL	\$126,173	

Note: The City Planning category does not include time spent discussing and developing a variety of projects with SCEDD, the Nebraska DED, and a host of other organizations. Heritage Tourism co-wrote the 2016 planning grant and wrote or obtained all of the support letters for the 2021 Planning Grant as well. Should the City apply for the Downtown Revitalization grant, Heritage Tourism will co-write that as well and it's unlikely it gets done without our help bringing enough partners to the table.

COMMUNITY DEVELOPMENT/MISCELLANEOUS/OFFICE

Project	Grant/Loan/Tax Amount	Source(s)
Cash Sales in WCF Bookstore	\$1,000	Willa Cather Foundation
Hometown Intern (2021)	\$3000	Nebraska Community Foundation
Fat Fox's Loan (through 3 rd party-2021)	\$4500	Private investor
McFarland Hotel Acquisition	\$10,000	Private donor
Red Cloud Chamber Utility Rebates (since 2018)	\$6,200	Red Cloud Area Chamber of Commerce
Storefront Improvement Grant (2018-21)	\$1,500	Red Cloud Area Chamber of Commerce
REAP Small Business Loans and Community Education Events	\$15,000	Center for Rural Affairs
TOTAL	\$51,200	
EXPENSES/IN-KIND		
Juan's Bar & Grill Logo Development (in-kind, 2021)	\$500	Nebraska Community Foundation
McFarland Expenses	\$7,200	Heritage Tourism
Rural Futures Institute Interns (2018)	\$5,400	Heritage Tourism
Cheyenne Knehans Externship (2021)	\$189	Heritage Tourism
Cheyenne Knehans Internship (2021)	\$2,113	Red Cloud Community Fund
Economic Development Consulting (2015)	\$11,500	Heritage Tourism
Economic Development Consulting/Market Profile Development (2016)	\$20,000	Heritage Tourism
Economic Development Consulting/Market and Lodging Profile Development (2017)	\$10,000	Heritage Tourism
Lodging Development Consulting w/Taleena Stanbrough (Orcutt) ALL IN-KIND (2018-2020)	\$5000	In-Kind via vendor
Lodging Market Feasibility Study	\$3,475	Heritage Tourism
Office Lease and Utilities (Oct.2015- Jan. 2017)	\$5,546	Heritage Tourism

Potter Block Site Feasibility Study and Architectural Studies (2017-18)	\$10,749	Heritage Tourism
TOTAL	\$81,672	
CATEGORY TOTAL	\$122,872	
CUMULATIVE TOTAL	\$249,045	

Note: This does not include a wide variety of in-kind work or the savings generated via the Willa Cather Foundation by no longer having to pay office and utility expenses. The expenses are things that would not have been accomplished without Heritage Tourism and have provided the community with the information it needed to move forward on a variety of projects, grant applications, etc that all add value to the community.

COMMUNITY FUND DEVELOPMENT/HERITAGE TOURISM DEVELOPMENT

Project	Grant/Donation Amount	Source(s)
Rural Development Philanthropy Challenge (2016-18)	\$320,000	Donors
Recreation Trail & Rec. Committee Events (5Ks and donations 2016-21)	\$25,000	Donors, sponsors
September Month of Giving (2020-21)	\$38,700	Donors, sponsors
Miscellaneous Heritage Tourism Development Grants & Donations	\$34,900	Donors, sponsors, South Central Coalition, Federal Bank of Topeka
Grants from RCCF other than reimbursements (2015-21)	\$105,000	Red Cloud Community Fund
Grants from Donor Advised Fund	\$100,000	DAF
CATEGORY TOTAL	\$623,600	
CUMULATIVE TOTAL	\$872,645	

Note: Endowed funds at the Red Cloud Community Fund have grown by \$530,000 since Heritage Tourism started. These are funds that will only continue to grow and be available to meet community needs in the future. September Month of Giving money has gone or will go to support City owned projects such as the Baseball Field Improvement Project, Recreation Trail development, and Cherry Corner Estates.

ADDITIONAL LODGING TAX REVENUE

Project	Additional Tax Revenue	Source(s)
Lobbied for increase of lodging tax from 3% to 5% (80% of that stays in Webster County) 2018-21	\$19,800	Lodging Tax
CATEGORY TOTAL	\$19,800	
CUMULATIVE TOTAL	\$892,445	

Note: This only represents additional tax revenue created by successfully lobbying for the tax increase, not the total tax revenue. These numbers will increase dramatically when the Hotel Garber is online.

Lodging tax revenue supports marketing projects for us, the County Fair, and tourism related businesses. It can also be used for physical improvements.

HOTEL GARBER

Project	Revenue	Source(s)
Hotel Garber	\$4,252,342	Donors, Investors, and the Willa Cather Foundation, USDA, South Central State Bank
CATEGORY TOTAL	\$4,252,342	
CUMULATIVE TOTAL	\$5,144,787	

INDIRECT INFLUENCE

Project	Revenue	Source(s)
CARES Act Funding for Hospital	\$475,000	Nebraska Department of Economic Development/WCCH
Fiber to the Home Project	\$2,018,372	Nebraska Department of Economic Development/Great Plains Communications
Red Cloud Community Fund Endowment Increases	\$210,000	Donors and the Stock Market
CATEGORY TOTAL	\$2,703,372	
CUMULATIVE TOTAL	\$7,848,159	

Note: We are not responsible for most of the revenue in the first two items. The Hospital and the City and their intermediaries are. But we made the hospital aware that they qualified for the CARES Act funding through the City. We also got the ball rolling with Great Plains Communications for the Fiber to the Home installation funded by the CARES Act by having discussions behind the scenes.

POTENTIAL SOURCES OF REVENUE

Project	Revenue	Source(s)
Hotel Garber—Historic Tax Credits	\$720,000	Nebraska State Historic Preservation Office
Shovel Ready Grant	\$3,048,000	Nebraska Department of Economic Development/ARPA
Anonymous Donor (Contingent)	\$1,000,000	Willa Cather Foundation
Creative District Certification (Pending Application)	\$10,000	Nebraska Arts Council
City Planning Grant (2021-22)	\$37,500	Nebraska Department of Economic Development
CATEGORY TOTAL	\$4,815,500	
<i>Subtract USDA B&I Guaranteed Loan</i>	<i>\$1,585,000</i>	
Total	\$3,230,500	
CUMULATIVE TOTAL	\$11,078,659	

Note: These are potential revenue sources we've applied for or will have access to on a contingency basis. We are confident but not certain that this revenue will materialize. The \$1 million dollar gift could be spent on the hotel project, but if it isn't it will support a Heritage Tourism related project so we've

kept it in the calculation. We've subtracted an almost \$1.6 million loan we've secured through the USDA in this scenario. If we get the Shovel Ready Grant we won't need the USDA loan.

We've added the City Planning Grant that we hope will be announced in November 2021. Heritage Tourism is very much responsible for this happening should it occur as we worked with SCEDD behind the scenes to put the application together and did most of the local legwork. Although SCEDD took time from its allotted Red Cloud time from the Growth & Innovation funding it received to finish the Public Works Grant, we did not count that as we were barely involved beyond sending a letter of support.

PERSONAL DONATIONS SINCE JUNE 2015

Project	Revenue	Source
Red Cloud Community Fund/TVCDC	\$6,763	Jarrold & Rachel
Willa Cather Foundation	\$3,608	
CATEGORY TOTAL	\$10,371	

Note: We only add this to illustrate the HTDD Director's personal investment in the community. This does not account for cash contributions to a variety of community organizations.

FINAL NOTE

Even the most skeptical review of this data should be able to trace **\$268,845** in revenue generation to Heritage Tourism Development. That's a *3 to 1 return on a \$90K investment* from the City for the good of the community. A more fair and balanced reading of the data minus the yet to be realized Hotel project should attribute **\$892,445** to Heritage Tourism. That's almost *10 to 1* return. Add in what we've raised for the Hotel Garber and that's a *57 to 1* return. We believe that's the most accurate estimate. We also believe that the influence of Heritage Tourism cannot be discounted with the CARES Act funding and additional donations to RCCF. Factor this in and the return is *87 to 1*. With additional funding set to be realized within a 6 month period, one can easily argue that the return will soon be *123 to 1*.

These numbers do not track consumer spending or less tangible or quantifiable aspects of the Heritage Tourism Development Director's job, particularly his influence with statewide organizations, business consultation and recruitment, and expertise in statewide funding mechanisms, including CDBG funding from the state and potential grants from nonprofit organizations. According to UNL Extension and research firm Dean Runyan & Associates, Webster County generates \$1.3 million from tourism annually. These numbers are not reflected above.

Heritage Tourism has operated with \$100K yearly budgets from 2015-19 and \$115K in 2019-21. That's \$630K over a 6 year period. We were operating at a \$18K surplus at the end of our last fiscal year. Given that the recommendations from the original Hargrove reports that established the position advocated for a \$150K yearly operating budget, we've spent \$288K less than anticipated. The Community Fund has invested \$705K into Heritage Tourism, but \$600K of that is from a Donor Advised Fund built specifically for the purpose of funding Heritage Tourism.

Please go to the next page for an overview of new business and building projects in Red Cloud since June 2015.

NEW BUSINESSES & BUILDING PROJECTS SINCE 2015

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June 2015 to October 2021

Boldface font= Directly Influenced

Italics= Provided Consultation

Boldface & Italics= Heritage Tourism related

#= Project completed or in progress

*= No longer in business

BUSINESSES (36, 6 since closed)

1. **Kenny's Hardware & Home Center**
2. **South Central State Bank**
3. Montgomery Auction & Realty
4. **Hometown Market**
5. South 40 Bar & Grill*
6. **Juan's Bar & Grill**
7. Norder's
8. Van Wey Fencing
9. Energized Electric
10. McDole's Kitchen
11. Hair Magic
12. **Twisted Petal**
13. **Riverwood Bakery***
14. Lizzy's*
15. **The Corner Nook**
16. **Fat Fox's**
17. *The Silver Spur*
18. *Abundant Life Honey*
19. Andrea Frey CPA
20. *YWCA School of Dance*
21. *Repeat Street Thrift Store*
22. **On the Brix**
23. **Prairie Plum Coffee***
24. **The Valley Child Development Center**
25. *Republican Valley Rentals*
26. Conway Insurance
27. *Cicada Workshop* (formerly Dave Mohlman's Building—will sell high end shades and other lighting fixture accoutrements).
28. Moonstone Bookstore & Emporium*
29. Tasty Cow*
30. Petsch Electric
31. ***The M Guest House***
32. ***Bed and Breakfast on the Hill (Cheryl and Dennis Wilson)***
33. ***George Cather Home (near Bladen)***
34. ***Villa Willa Loft Apartment***
35. **Kenny's Occupational & Physical Therapy (coming soon)**
36. Garrett Wickham

37. Van Beber Properties

BUILDING PROJECTS (18)

- 38. The Newhouse Building# (Todd & Lisa Mahin's Building)**
- 39. 406 N. Webster# (Hansen lot)**
- 40. 402 Loft# (Peterson Building—Hansen's project)**
- 41. Hotel Garber# (with catering kitchen & small event space)**
- 42. Farmers & Merchants Bank#**
- 43. Sherer Building# (H&R Block)*
- 44. Blue Cloud Studios# (former Drive-In site)*
- 45. The National Willa Cather Center*
- 46. Kellogg Building (Amy Springer)#**
- 47. Willa Cather Childhood Home#**
- 48. Burlington Depot#**
- 49. Grace Episcopal Church#**
- 50. Harling House#**
- 51. Starke Round Barn#**
- 52. Pavelka Farmstead#**
- 53. Former Red Cloud Printing Press Building (Strobl's)**
- 54. Former Jack's DX building (Strobl's—Municipal Supply)**
- 55. 345 Building Apartments (Amy Springer)**

Expansion/improvement of existing businesses since 2015 (3)

- 56. Jared's Auto Experts**
- 57. Hometown Market (in the Sewing Box)*
- 58. Village Pharmacy (new awning)**

Buildings/businesses with Pending Sales (2)

- 59. Shades West (potential art gallery and apartment spaces)*
- 60. McFarland (apartment and restaurant)**

Some additional businesses have closed but we are only tracking new business/new build in this scenario. To our knowledge additional businesses that have closed include Twisted Sisters, Red Brick Café, Reflections Salon, and Red Cloud Hardware. These businesses have all been effectively replaced. Shades West and Meadow Creek Floral & Gift are looking like they may not remain much longer but are still in business as of this date. This is not meant to be an exhaustive list and likely excludes some smaller scale agricultural and trade businesses.