Does You Destination Need new, Stable Marketing Funding?
Come to this Session!
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President
Civitas

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President and CEO
Go Wichita CVB
Does Your Destination Need New, Stable Marketing Funding?

CIVITAS
Sacramento ● Los Angeles ● San Luis Obispo

ESTO 2014
August 26, 2014
Louisville, KY
Overview

TID Overview

US Travel 50 State TID Law Study

Statewide Funding Solutions

2014 Tourism District Survey

Resources
Hotels pay an assessment...
Collected by the local government...
And managed by the DMO.
Characteristics of TIDs

Mechanism
- Assessment on hotels
- Usually business assessment
- % of revenue or $ per night

Stability
- Cannot be diverted
- Varying terms – 1-40 years

Governance
- New or existing nonprofit
- DMO or hotel organization
- Local Government oversight

Structure
- Usually citywide, multiple cities or countywide
The TID Revolution

Started in West Hollywood, 1989

Slow initial growth

Rapid expansion in last decade

Districts Now
- 85 California
- 17 Montana
- 11 Washington
- 5 South Dakota
- 1 Oregon
- 1 Texas
- 1 New Jersey
- 1 Kansas

Considering
- Pennsylvania
- Oklahoma
- Wisconsin
- Florida
- Tennessee
Current TIDs in the United States by State
Five Steps to TID Formation

1. Legislation
2. Structure
3. Business Plan
4. Owner Approval
5. Government Approval
In March of 2014 US Travel commissioned Civitas to perform a study on laws available for tourism district formation in all fifty states.

Research Process

1. Identify BID/TID law
2. Review law parameters
3. Determine Home Rule
A “green” law is tailor-made to form TIDs, it has either already been used to form TIDs or contains all necessary elements.

A “yellow” law may potentially be used to form TIDs, but no TIDs have been formed using the law and the law may be missing optimal TID elements.

A “red” law cannot be used to form TIDs. Significant TID elements are not present in the law.
Elements of a “Green” TID/BID Law

- Business-based assessment
- Flexible assessment basis – potentially allows for room night basis
- Classification or non-contiguous boundaries
- Nonprofit management
Elements of a “Yellow” TID/BID Law

- Property based
- Flexible assessment basis
- Nonprofit management or advisory board
- May lack flexibility in boundaries or business classification
Elements of a “Red” TID/BID Law

- Electorate approval
- No flexibility in assessment methodology
- Only useable by certain jurisdictions
- No allowance for non-contiguous boundaries or classification
States’ TID/BID Laws

- Red: 16
- Yellow: 24
- Green: 10
Map of States’ TID/BID Laws
California’s “Green” TID/BID Law

- 50% + 1 petition
- Business or property
- Allows for business classification
- Allows for “Marketing and economic development” and “Promotion of tourism”
- Annual report
- Non-profit management
- 5 or 10 year term, payors have opportunity to disestablish annually
Georgia’s “Yellow” TID/BID Law

- 51% petition of taxpayers or property owners
- Property or business based
- Assessment funds may only be used for purposes authorized by the district plan
- Allows for “advertising, promotion, and business recruitment and development”
- Collected with other city taxes
- Local government may contract with nonprofit corporation to implement plan
- 5-10 year term
Alaska’s “Red” TID/BID Law

- 50% owner approval
- Property based
- Limited to capital improvements only
- No business classification
- Managed by local legislative body
Home Rule vs. Dillon’s Rule

- Some states have Home Rule, granting cities and/or counties the power to legislate if the state legislature has not preempted.
- Some states have Dillon’s Rule, a city and/or county must obtain permission from the state legislature before legislating in areas not specifically permitted by statute.
- Guidelines prescribed by state constitution.
- Taxes usually preempted.
- Assessments usually not preempted.
- May only apply to select cities and/or counties within the state.
Home Rule/Charter States With Potential TID Authority

- Red: 12
- Yellow: 27
- Green: 11
Map of States with Potential Home Rule/Charter Authority
Portland Formed a TID Using Home Rule

- 33% petition
- Allows for “Promotion of commercial activity or public events”
- Allows for “Activities in support of business recruitment and development”
- Allows for hotel only districts
- Assessments funds must be used according to “Economic Improvement Plan”
State Tourism Offices

Four Sources of Funding:
1) Bed Tax
2) General Fund
3) Sales Tax Increment Financing
4) Variegated
   * Assessment—CA
   * Matching—FL
In May and June of this year, Civitas and SMG conducted a survey of current TIDs throughout the United States. The next few slides are a preview of the results.
What was the primary reason your destination formed a tourism district?

- Insufficient existing funding: 39%
- No existing tourism funding, needed base funding: 14%
- Other: 11%
- Loss of City/County funding: 10%
- Competitive destination(s) increasing their budget: 3%
- Secure funding from maximum rate chargeable to guests: 0%
What was the biggest challenge in forming your district?

- Educating local lodging industry: 40%
- Overcoming political issues: 17%
- Educating local government: 21%
- Developing and reaching agreement on a plan to use funding: 14%
- Overcoming legal issues: 3%
- Other: 5%
What is the assessment rate in your tourism district?
On average destinations increased their tourism funding by 192% after the formation of a tourism district.
“We have shown over 100% increase in weekend stays.”

“ Increased generated room nights by 550% since 2008.”

“45% increase in hotel stays between 2010 and 2013.”

“Overall results of initial 5 year district (during Recession) was approximately 20:1”
Interested in the complete report?

Visit [www.civitasadvisors.com](http://www.civitasadvisors.com) and sign up for our mailing list to receive updates on webinars offered by Civitas & SMG!
Tourism District Resource Center

GETTING STARTED

Strategies for improving and sustaining marketing and media campaigns.

STUDY: CALIFORNIA TOURISM IMPROVEMENT DISTRICTS

By Strategic Marketing Group & Christina Aldridge

THEM are redoubling the tourism industry’s stake in marketing fads. In an effort to better understand the impact of tourism improvement districts, this first ever study was undertaken. Directors of tourism districts throughout California were interviewed about their experiences, and the results carefully compiled into this report.

QUICK LINKS

- Laws
- District Directory
- Research
- Case Studies

MENU

- Home
- Resources
- News
- About Us
- Contact Us

RESOURCES

- Laws
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CONTACT

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Tel: Fax: (800) 990-7788
Fax: 216.355.3112

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News

THE LATEST TOURISM IMPROVEMENT DISTRICT HEADLINES

Groups Ready to Move Forward on Siskiyou Tourism Improvement District
The Siskiyou Daily News - June 12, 2014
The stage is set for the implementation of a Tourism Business Improvement District for hotelsiers in Siskiyou County with the county board of supervisors approving a tourism marketing strategy plan Tuesday.  more ▶

National City Hotel Revenue Up 13 Percent Over 2012
World News Report - January 08, 2014
Tourism is up in National City as the National City Tourism Marketing District is reporting an increase in hotel revenue in the 2013 fiscal year.  more ▶

Tourists Help to Create More Than 500 Bath Jobs
South West Business - December 18, 2013
According to figures released this week marketing campaigns designed to attract tourists have not only secured a £43.7 million cash injection into the city’s economy but have helped get local people into work.  more ▶
Resources

BUILDING YOUR TOURISM IMPROVEMENT DISTRICT

Have you ever wondered how some destinations are heavily marketed despite declining transient occupancy tax and other government revenues?

Tourism improvement districts provide a sizable source of marketing funds independent of transient occupancy taxes and other governmental subsidies. An assessment is placed on lodging businesses, by lodging businesses, and used for the benefit of lodging businesses.

- Laws
- District Directory
- Articles
- Case Studies

The funding created by tourism marketing districts is independently managed by lodging business operators – those most familiar with the industry’s needs.

Worried how it all works? We’ve compiled an extensive collection of tourism district resources. Everything you need to know about existing laws, forming tourism districts, tourism district studies, and successful tourism districts is here.

Don’t see what you’re looking for? Let us know!

Questions? Contact Us

About Us
Meet the team of experts behind Tourism Improvement Districts.com.

News
The latest news on tourism districts – formation, marketing success, and more.

Resources
Your guide to tourism improvement district basics and marketing success stories.

“Tourism districts help cities find their
Nappy place”
J.Louis
Public CEO
Questions and Comments

John Lambeth, President
Civitas
www.civitasadvisors.com
(800)999-7781
Pre-TBID Funding

$2.3M

Transient Guest Tax

$300K

Partnership/Sponsorship

100 Hotels / 8000 Rooms
PREPARE FOR SUCCESS
Conducted Year Long Visitor Profile Study
MOST IMPORTANT FACTORS

1. Hoteliers Support
2. National Expert Civitas
WICHITA’S
TOURISM BUSINESS IMPROVEMENT DISTRICT

Used existing BID State Statute

Initial opposition from city staff

Utilized both national and local experts
KEY TO SUCCESS
CONSENSUS BUILDING

1 Hotels
2 City Council
3 Local Leaders
Hoteliers voice support for guest fee to boost Go Wichita marketing

Wichita hoteliers appear to support a new guest charge that would raise money to boost the region’s tourism marketing.

The Go Wichita Convention and Visitors Bureau, limited in its reach by a $2.8 million budget that includes only about $500,000 for marketing, has asked the city to create

Ripton Melhado, general manager of the Hyatt Regency Wichita, says a TBID in Dallas was successful in driving tourist business there.
Mayor appoints district planning committee

Planning committee submits report

City Council adopts Resolution of Intent

Notice of Hearing
- Published
- Mailed

Public Hearing
Protest Period

Present Scope of Services
OVERCOMING CHALLENGES

1. 1st TBID in The State
2. Initial Opposition
3. Local / State Requirements
   - Boundaries
   - Notification
NOTICE TO ALL 18K WICHITA BUSINESSES

ALL WICHITA BUSINESSES

HOTELS 50+ ROOMS
TBID IMPLEMENTED... NOW WHAT?
LEISURE HOTEL GUESTS

Approx. 50%: Kansas, Kansas City, MO, Oklahoma

Approx. 70%: Kansas, Oklahoma, Texas, Missouri, Nebraska
## Tourism Business Improvement District

### 2015 Scope of Services and Budget

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### Leisure Market Overview

Currently, leisure overnight hotel visitors originate predominantly from Kansas, including Kansas City, Wichita, and Oklahoma [52.8%]. Combined, these locations account for almost half of Wichita’s leisure overnight hotel visitors.

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### Occupancy City of Wichita

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### Leisure Strategy

Forecasting when to launch a leisure campaign is key. Occupancy rates are not only a factor in hotel profitability, but also in overall visitor satisfaction. In recent years, June has been a higher producing month. While June's occupancy rate is around 70%, there is still room for improvement, and it has been in the 60s range. Due to this, we are planning to launch a leisure campaign in the month of June. The campaign will run for the entire month, targeting visitors who are looking to travel in the summer months. Wichita has a higher occupancy rate, and with more product availability, this is an opportunity to launch our first leisure campaign. In future years, we will consider launching additional leisure campaigns to further drive visitation and revenue to the city.
FOUR KEY TAKEAWAYS

1. Consensus Building
2. Hoteliers Support
3. National and Local Experts
4. Research / Data