



## IMPROVING TOURISM ONE DESTINATION AT A TIME







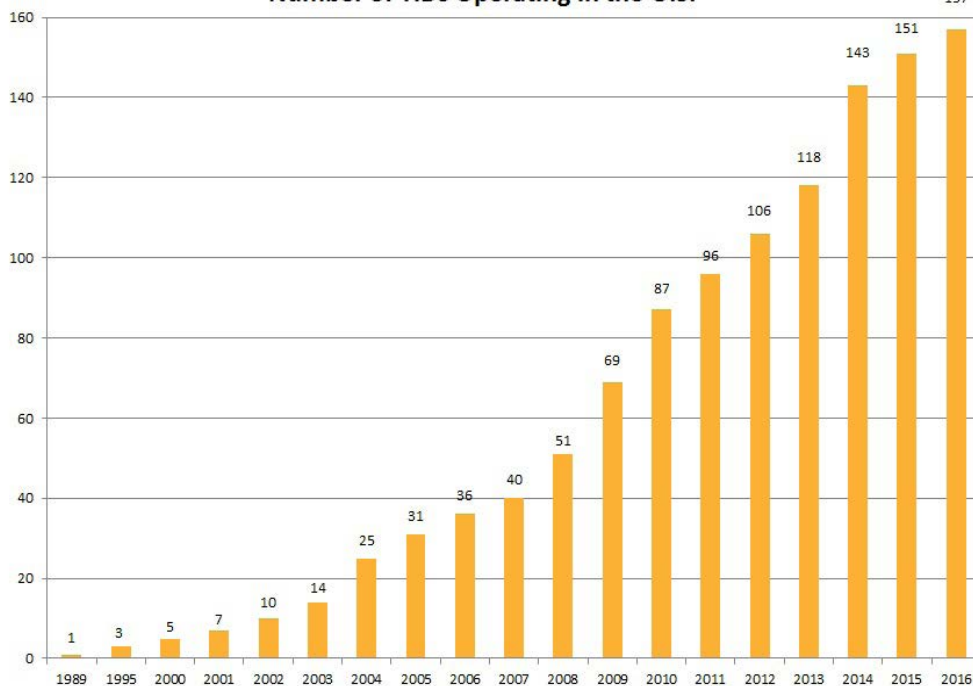
# Introduction and Benefits



# New Tourism Marketing Funding for Destinations

TIDs are an evolution of the traditional Business Improvement District. The first TID was formed in West Hollywood, California in 1989. Since then, over 150 U.S. destinations have followed suit, including cities in Colorado, Kansas, Louisiana, Montana, New Jersey, South Dakota, Texas and Washington. Some cities, like Portland, Oregon and Memphis, Tennessee have utilized their charter powers to create TIDs without a state law.

**Number of TIDs Operating in the U.S.**



TIDs collectively raise over \$300 million for local destination marketing. With competitors raising their budgets and increasing rivalry for visitor dollars, it is important that tourism businesses invest in stable, tourism-specific marketing programs.

TIDs utilize the efficiencies of private sector operation in the market-based promotion of destinations. They allow business owners to organize their efforts to increase sales. Tourism businesses within a TID pay an assessment and those funds are used to provide services that increase sales.

## There are many benefits to TIDs:

- Funds must be spent on services and improvements that provide a benefit only to those who pay
- Funds cannot be diverted to general government programs
- They are customized to fit the needs of payors in each destination
- They allow for a wide range of services
- They are designed, created and governed by those who will pay the assessment
- They provide a stable, long-term funding source for tourism promotion





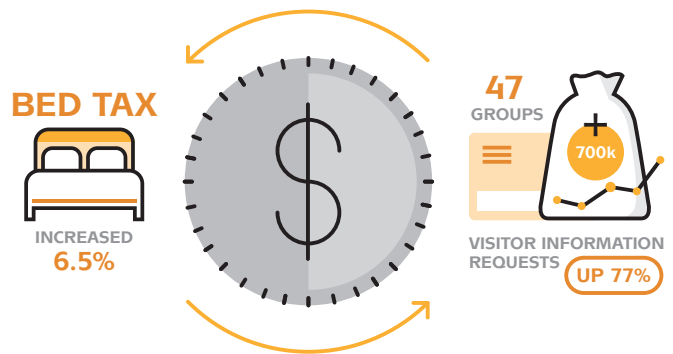
# TID Statistics





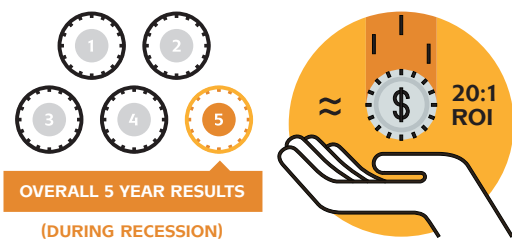
## NATIONWIDE TID INCREASE

Tourism Economics: The Economic Impact of the Elimination of Tourism Improvement Districts in California



## OVERALL GAIN IN TOURISM

Civitas: 2014 TID Industry Survey



## 20:1 ROI (5 YEAR RESULTS)

Civitas: 2014 TID Industry Survey



## 800% ROI (TID FUNDS)

Civitas: 2014 TID Industry Survey

## More TID Destination Results

“Economic impact directly attributed to new business campaign is estimated at \$1.5 million to date; economic impact directly attributed to group business retention program is estimated at \$500,000 to date.” [Civitas: 2014 TID Industry Survey](#)

“The larger scale of destination marketing is more effective and efficient than what businesses could accomplish individually.” [Tourism Economics: The Economic Impact of the Elimination of Tourism Improvement Districts in California](#)

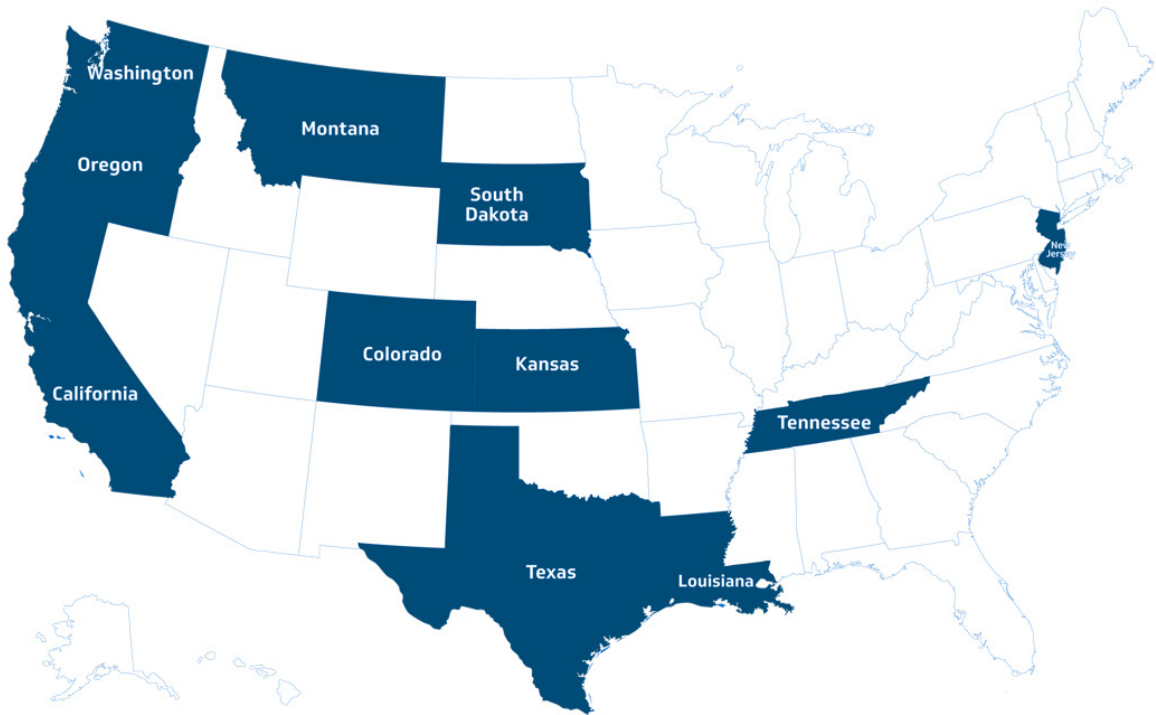
“45% increase in hotel stays between 2010 and 2013.” [Civitas: 2014 TID Industry Survey](#)

“For organizations that already have staff, infrastructure and administrative capacity in place, a high proportion of TID dollars can go directly to expanding marketing efforts.” [Tourism Economics: The Economic Impact of the Elimination of Tourism Improvement Districts in California](#)

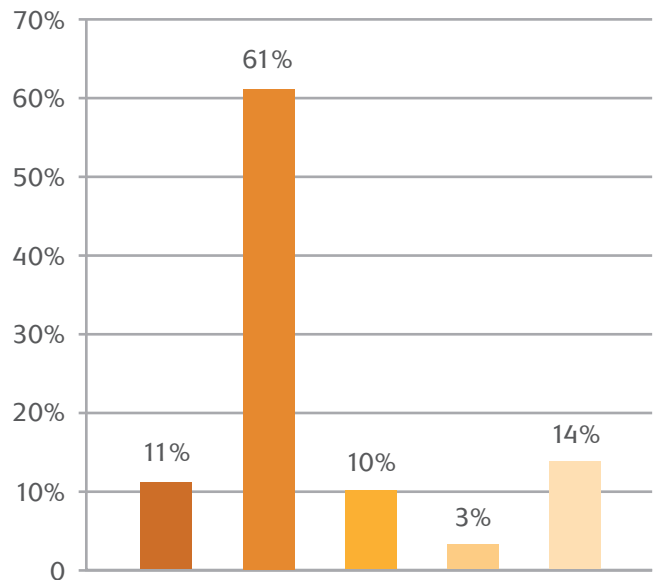
“Website views are increasing by 250,000 (30%) consistently year over year.” [Civitas: 2014 TID Industry Survey](#)

“Room night stays were increased by 550% since 2008.” [Civitas: 2014 TID Industry Survey](#)

The map below shows U.S. states in which TIDs are operating.

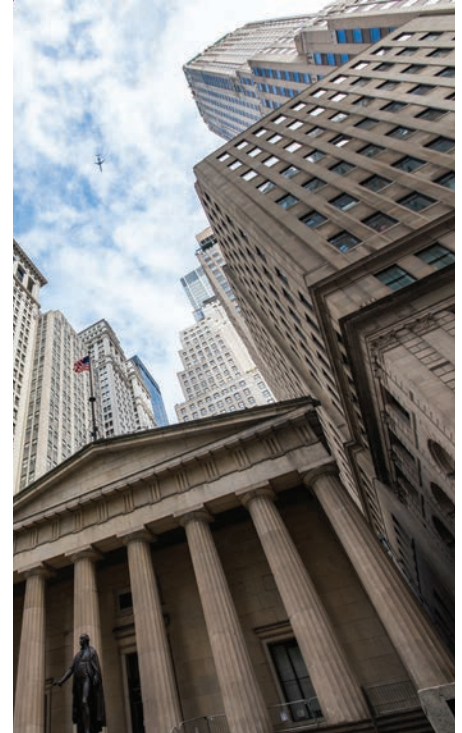
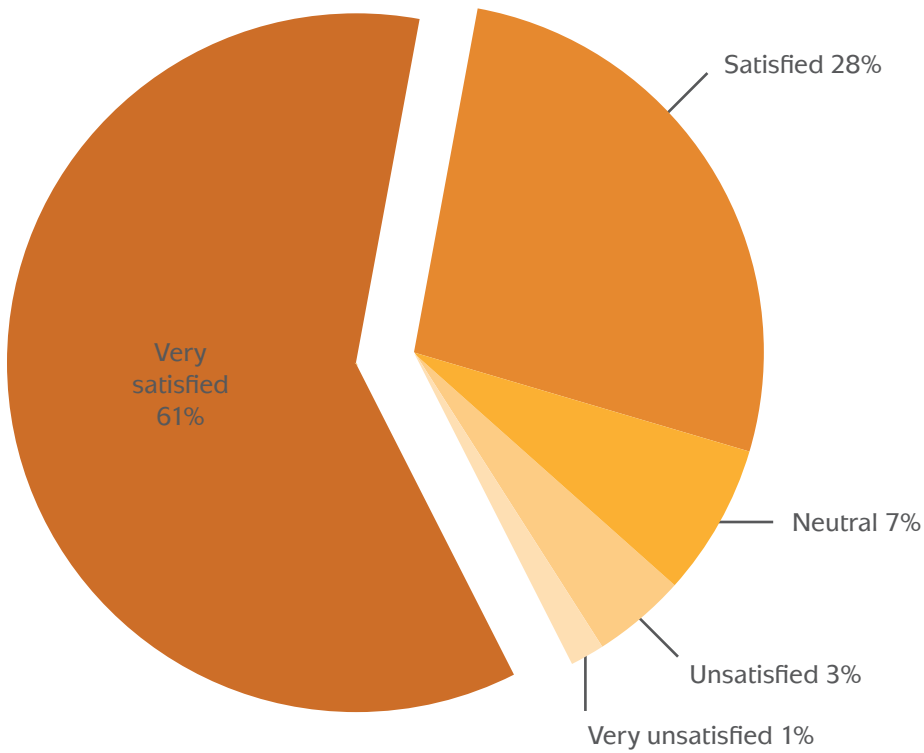


What was the primary reason your destination formed a Tourism District?

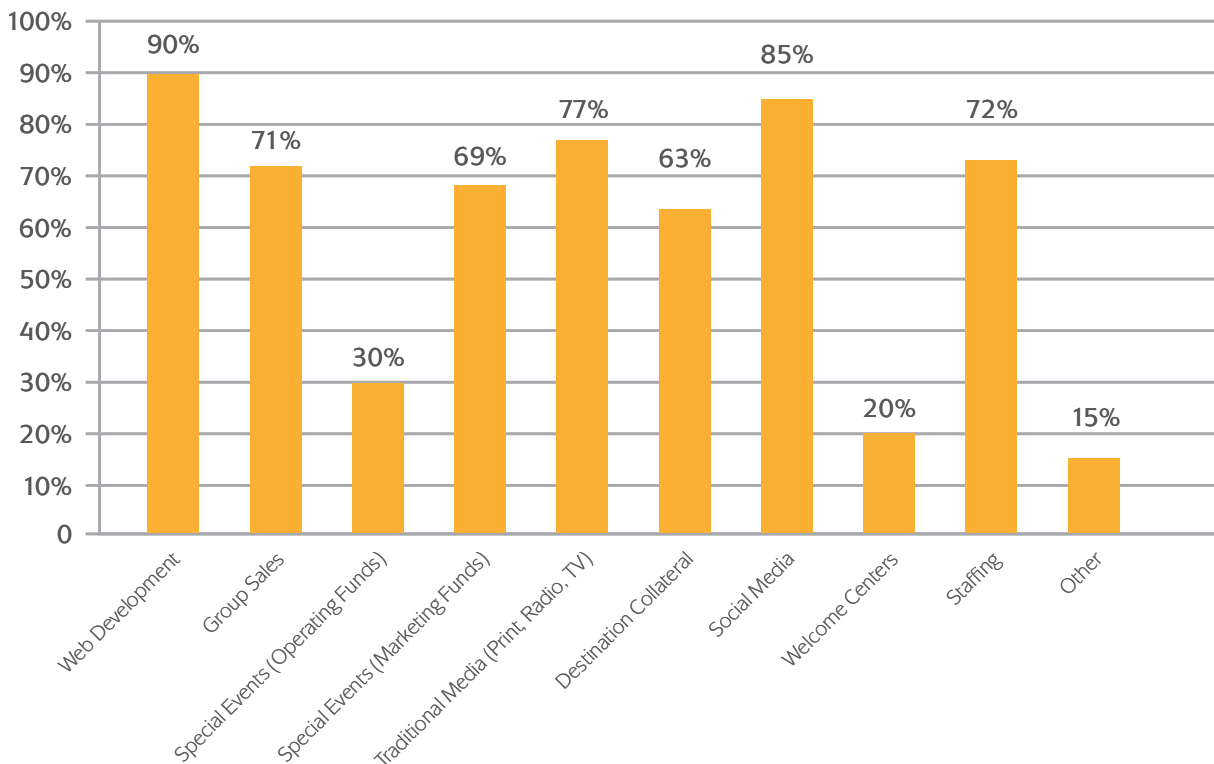


- Loss of City/County funding
- Insufficient existing funding/Require base funding
- Competitive destination(s) increasing their budget
- Secure funding from maximum rate chargeable to guests
- Other

## How satisfied are you with your destination's Tourism District?



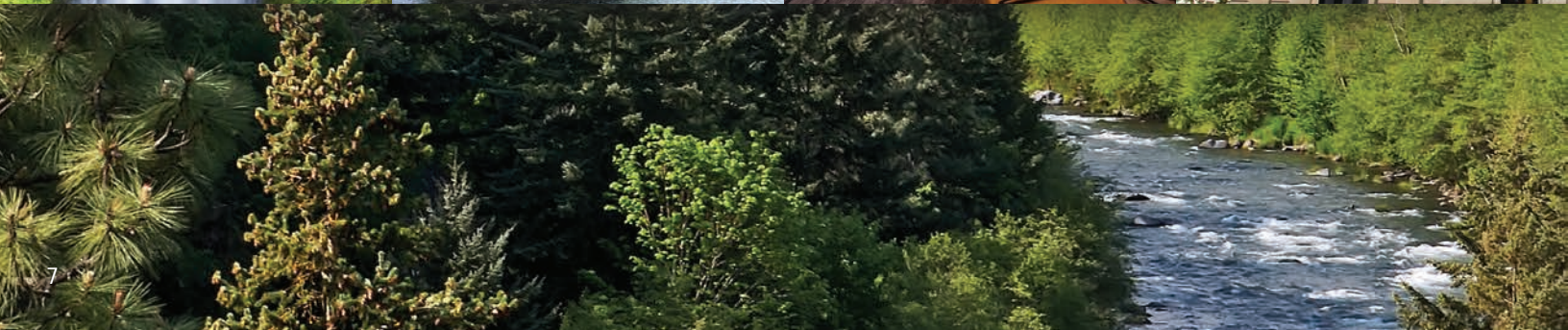
## Since the formation of your Tourism District, what areas of tourism promotion have increased in your organization?







# Case Study Portland, OR





# The Challenge

Portland's tourism agency, Travel Portland, had a small marketing budget compared to West Coast cities of a similar size. Its primary competitors—San Francisco, Los Angeles and Seattle—had realized successful growth in tourism funding and overall visibility for their destinations with funding from a TID. Portland needed a larger budget for marketing to be competitive in the tourism industry. With the guidance of Civitas, Travel Portland collaborated with the hotel community to create a new funding stream to enhance promotion of the Portland Region as a preferred destination for meetings, conventions and leisure travel.

## The Innovation

Oregon state law had existing potential for assessment districts, however stakeholders chose to use the City's Home Rule authority to draft an ordinance specific to Portland's needs. The ordinance created the Portland Tourism Improvement District (PTID) in 2012. The PTID imposes an assessment of two percent (2%) per night on guest room revenues for all hotels with more than 50 rooms located within the City of Portland.

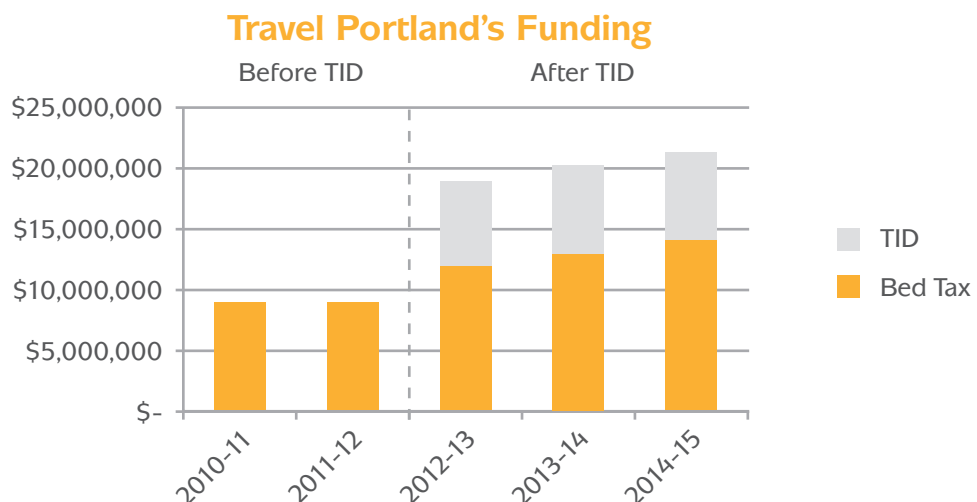
*In this case, the ordinance adoption process was completed in four steps:*

- 1 Travel Portland conducted a series of meetings with hoteliers to determine the district's parameters and assessment rate.
- 2 The agreed-upon parameters and assessment rate were incorporated in the draft ordinance.
- 3 Civitas worked with the Portland City Attorney and made necessary amendments.
- 4 The final draft ordinance was adopted by the Portland City Council in a two-hearing process.

With the PTID assessment, Portland's total guest charge of 14.5% is still 0.5% lower than the average for the West Coast and like-sized U.S. cities. The PTID funds are managed by the Travel Portland Board of Directors instead of the City of Portland, allowing those paying the assessment to oversee the implementation of programs.

## The Results

The PTID raises approximately \$8 million per year. After formation of the PTID, Travel Portland's annual budget more than doubled from \$9.1 million in 2012 to \$21.1 million in 2015. The expanded budget has been vital to increasing room night stays and making Portland competitive in the tourism industry.



# Case Study Santa Barbara, CA





# The Challenge

Even a perfect vacation destination must be marketed. Recognizing this need, Santa Barbara area hotels and Visit Santa Barbara spent three years holding meetings and conducting research on the best structure for a new economic marketing coalition. The goal was to bring together hotels in three cities and the surrounding portions of the County in a cooperative marketing scheme. The result was creation of the Santa Barbara South Coast Tourism Business Improvement District.

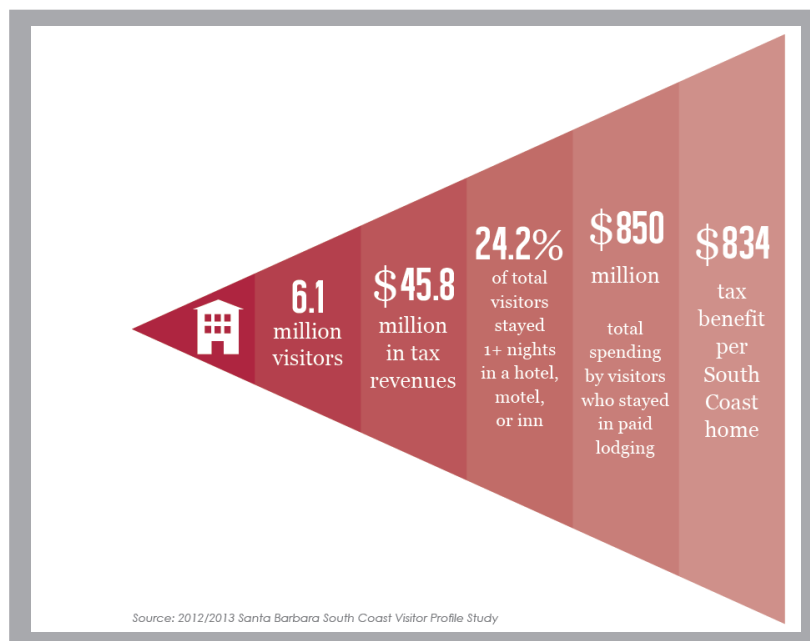
## The Innovation

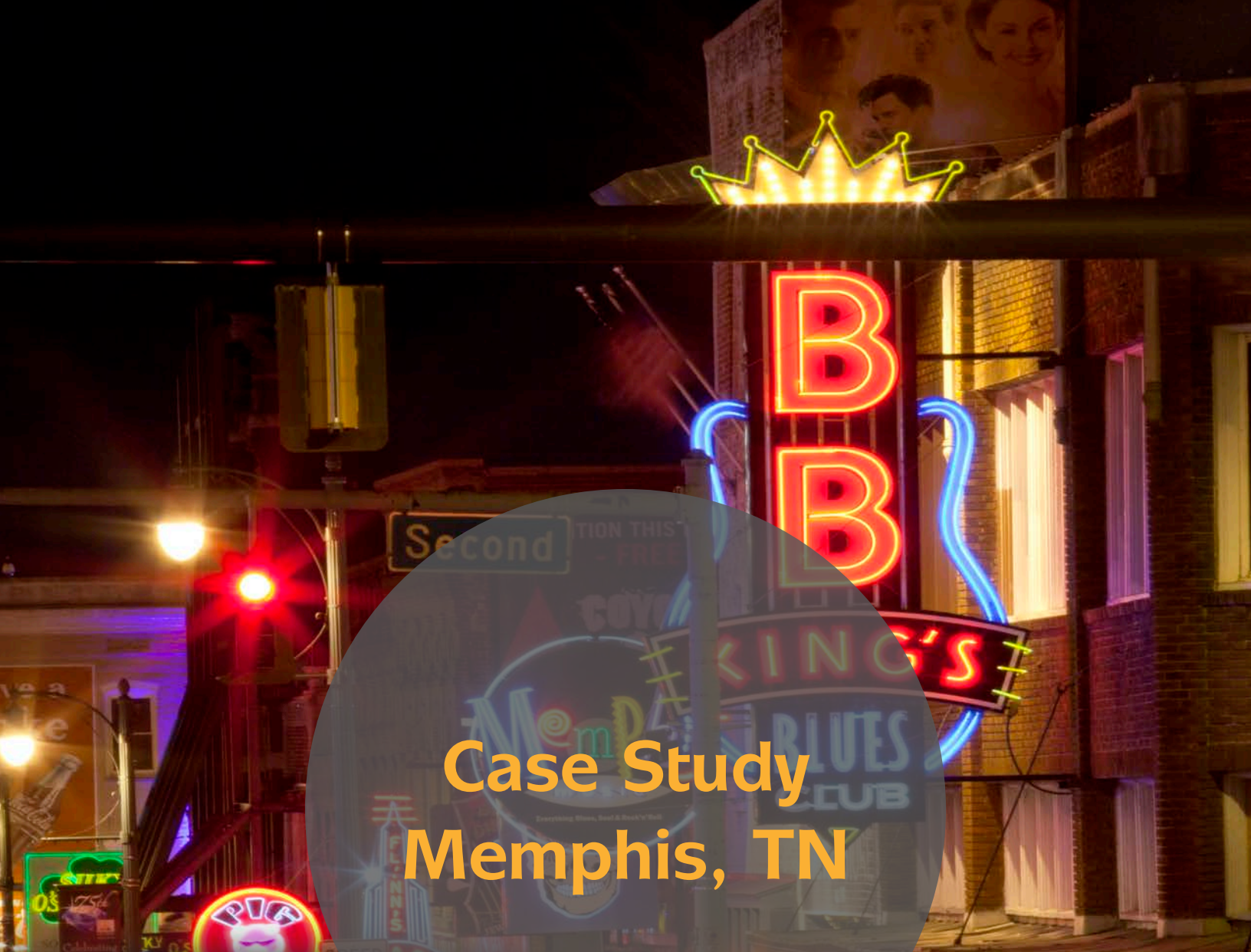
Encompassing the cities of Santa Barbara, Carpinteria, and Goleta, plus the surrounding areas of the County, the TBID went into effect on January 1, 2011. During the District's first term, annual collections average \$1.8 million. With TBID revenue of \$1.8 million and preservation of existing funding from occupancy taxes, the area saw a sixty percent increase in available funds for marketing. Those revenues were used to develop and implement 12 core marketing strategies, including international market development, increased focus on niches, and a broadened marketing mix including promotions.

## The Results

With a combined TBID and TOT budget of nearly \$3M, Santa Barbara surpassed its goals for the first year of TBID operations. Website visitors were up 33% over the year prior. Through May 2012, it generated nearly 48,000 room nights. Many of those room nights were in the off-peak periods from January to March and October to December.

More recently, the TBID has decisively contributed to the Santa Barbara South Coast's rising visitation numbers, resulting in substantial economic impact. Specifically, average daily rate (ADR) increased from \$166.45 in 2010 to \$195 in 2013 and occupancy rose by 5.5%. With the use of TBID funding, Visit Santa Barbara-generated lodging revenue has increased from \$28 million in FY 2011 to a projected \$59 million in FY 2014.





# Case Study Memphis, TN





# The Challenge

- A cultural, musical, and art destination best known as the Home of the Blues and the Birthplace of Rock 'n' Roll!
- The Memphis Convention and Visitors Bureau takes advantage of these iconic attractions to market Memphis.
- With more than 60 tourist attractions including Graceland, restaurants, theatres, and art museums, the City is a superb destination for diverse visitors.
- In addition to leisure attractions, the Memphis Cook Convention Center attracts over 500,000 visitors annually to conventions, tradeshow, and performing arts. Despite all Memphis has to offer, the Convention Center was last renovated in 2003, and was in need of additional funding for renovation projects.

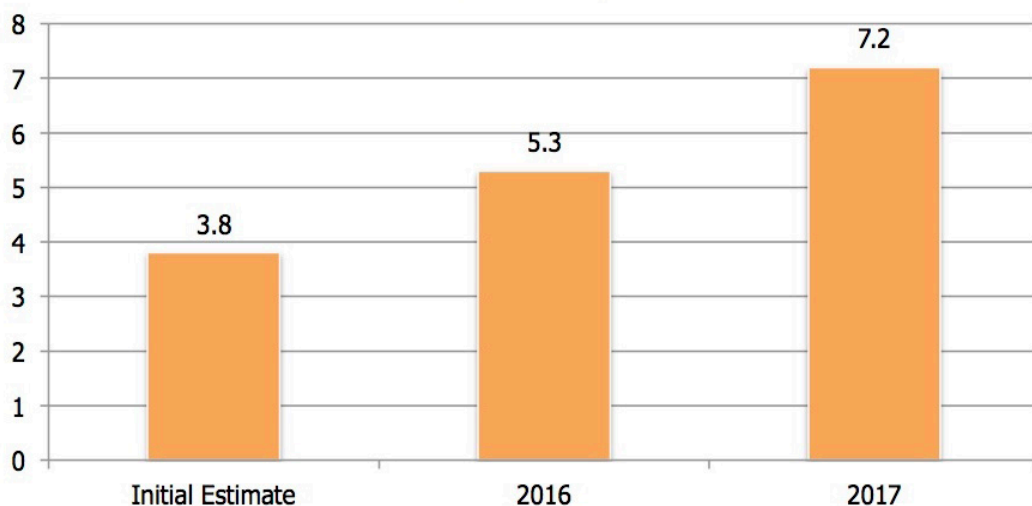
## The Innovation

To remain competitive and fund improvements to the Convention Center, the Bureau, hoteliers, and the City worked together to form the first tourism improvement district in Tennessee and simultaneously dedicate new bed tax funds for Convention Center improvements. Combining the TID and Convention Center efforts allowed the Bureau to leverage the hotels' investment in marketing for additional bed tax funding dedicated to the Convention Center.


## The Results

The Memphis TID began January 1, 2016, assessing \$2.00 per occupied room per night to fund destination marketing programs. The district was initially estimated to raise \$3.8 million per year. After just one quarter of collections, it became clear that the district will be even more successful than expected. This has resulted in a revised estimate of \$5.3 million in annual TID funding—accounting for over 40% of the Bureau's annual budget! Prior to forming the TID, the Bureau projected an annual budget of \$7 million in 2017 - the TID has doubled the projected 2017 budget to \$14.2 million.

**Anticipated TID Collections**  
(in millions)







**About  
CIVITAS**



# Civitas is the Nation's Leading Special District Consultant.

With over 20 years of experience, we provide unparalleled expertise in forming, modifying and renewing improvement districts. Civitas has assisted more than 125 special districts, including 85 of the 160 Tourism Improvement Districts (TIDs) in existence globally.

## Creation, Innovation and Renewal

Special districts provide structure and stable funding for economic development through revitalization and marketing efforts. Civitas' team of experts has guided over 150 districts through the formation, modification or renewal process. We have formed property and business based districts, city and county wide districts, and improvement and marketing districts. Civitas' clients are innovative cities, counties and destination marketing organizations creating a strong future for their locale.

Civitas provides unmatched expertise in Tourism Improvement District formation and renewal. Our founder and president, John Lambeth was the primary author of California's most recent law enabling special districts, the Property and Business Improvement District Law of 1994. He helped form California's first property and Business Improvement District in 1995, a vigorous district that continues to operate today. Our team has continued to craft legislation for clients in several states, and recently formed the first Tourism Improvement Districts in Oregon and Kansas.

## Experience That Makes a Difference

Whether your district is new or old, large or small, rural or urban, Civitas' experience will help you make a difference. We provide comprehensive management of all aspects of the formation and renewal process, ensuring an efficient, effective and expertly guided project. We utilize state-of-the-art database and mapping software to streamline the process. We approach every project with a customer-centric philosophy, and work closely with our clients and district stakeholders to make their desires reality.



## District Types Civitas advises:

- Tourism Districts
- Business Districts
- Restaurant Districts
- Property Districts
- Wine Districts
- Sports Marketing Districts
- Parking Districts
- and many more...

## Services Civitas provides:

- New district formation
- District expansions & modifications
- District renewal
- Consensus building
- Outreach programs
- Plan development
- Database development & updating
- Petition drive management
- Document preparation
- Ballot drive oversight
- Hearing process guidance
- Contract development & drafting
- Non-profit corporation establishment

*The information herein is intended to serve as a resource to those who wish to learn more about Tourism Improvement Districts, their exemplary results, and how your destination can navigate the process of TID formation. Ultimately, we hope to help your Destination Marketing Organization establish a new, stable funding source for marketing efforts.*



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[www.civitasadvisors.com](http://www.civitasadvisors.com) | [www.tourismimprovementdistrict.com](http://www.tourismimprovementdistrict.com)