

W E L C O M E

Rhode Island: Funding Your Future

— ...

March 2022

Funding Sufficiency vs. Funding Stability

Sufficiency

Do you have enough to adequately market your destination?

Stability

How reliable are your funding streams? Can they be diverted?

Tourism Improvement Districts



Hotel pays a fee



Collected by the
local government



And managed by
the DMO

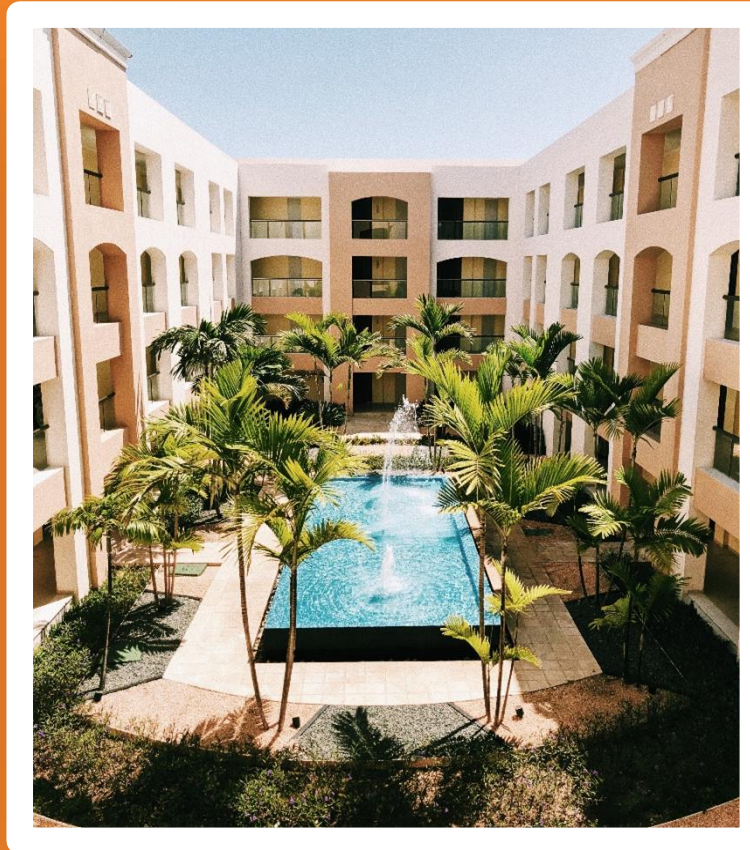
Stable funding sources for marketing efforts designed to increase occupancy and room rates for lodging businesses. Services include marketing, sales, promotions, website and Internet presence, group sales, and other projects designed to make the destination more appealing to visitors.

Evolution of Tourism Industry Funding



Membership Models and Bed Tax

- No defined term
- Creates competitive inequality
- Allows for non-participating businesses to free-ride
- The primary source of funding requiring an annual effort and resources to retain funding.
- Inability for long-term planning.
- Resources are not proportionate to the economic impact expected and produced.



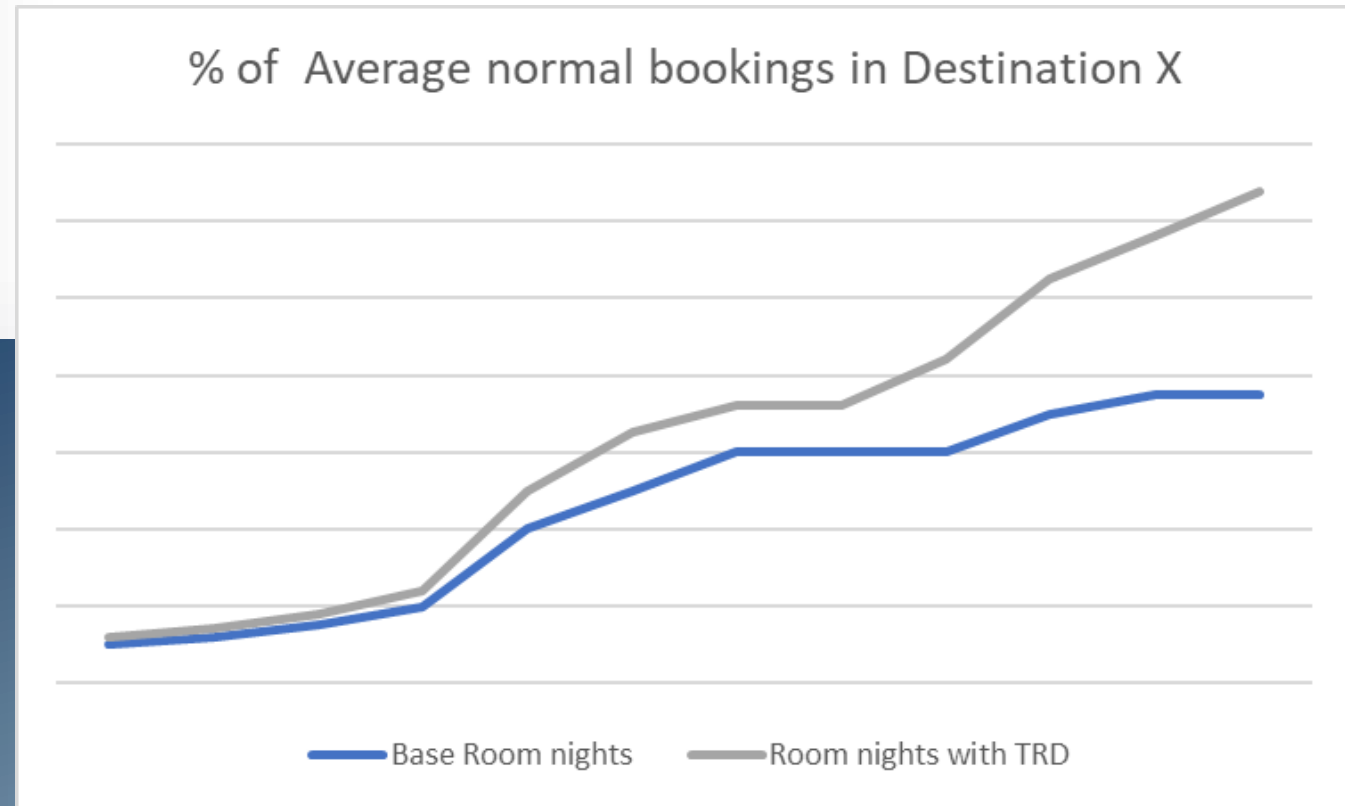
TIDs

- Specific term and plan
- Managed and approved by those paying the assessment
- Approved by those paying the assessment through notice and hearing process.
- Legal accountability to the district plan
- Based on benefit to tourism businesses
- TID funds cannot be diverted
- Funding stable and protected for investment long term.
- Legal protection and political protection
- Procedure to dissolve the District mid-term

Be Ready



- The future of funding destination marketing efforts in the US is uncertain.
- There is data to support; there is a direct relationship between moving quickly, being prepared, lining up your resources and destination recovery.
- We know that well-resourced forward-thinking destinations recover faster and retain more market share.



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All our forecasts and scenarios are moored to the non-negotiable assumption that travel will fully recover. The pandemic will end. The drivers of travel – income growth, demographic shifts, the importance of meetings and the intrinsic value of a vacation – will still be intact on the other side. History supports the premise; *recovery is inevitable.*

-Adam Sacks
President, Tourism Economics

So, what happened when 29 cities with TIDs were compared to 71 cities *without* TIDs?

	TID sample		
	City	State	Year established
1	Mobile	AL	2020
2	Sacramento	CA	2019
3	Los Angeles	CA	2011
4	Anaheim	CA	2010
5	Napa	CA	2010
6	Palm Springs	CA	2008
7	San Francisco	CA	2008
8	San Diego	CA	2007
9	Monterey	CA	2006
10	San Jose	CA	2006
11	Denver	CO	2017
12	Tampa	FL	2020
13	Wichita	KS	2014
14	New Orleans	LA	2014
15	Baltimore	MD	2019
16	Billings	MT	2007
17	Newark	NJ	2013
18	Tulsa	OK	2019
19	Portland	OR	2012
20	Philadelphia	PA	2017
21	Newport	RI	2017
22	Sioux Falls	SD	2011
23	Memphis	TN	2015
24	San Antonio	TX	2018
25	Fort Worth	TX	2017
26	Arlington	TX	2016
27	Dallas	TX	2012
28	Seattle	WA	2012
29	Spokane	WA	2003



KEY
INSIGHTS

CIVITAS
PARTNERSHIPS • PROGRESS • PROSPERITY

Destinations with TIDs outperform others.

- ▶ On average, TIDs produce a **2.1% lift in hotel room demand.**
- ▶ On average, TIDs produce a **4.5% lift in hotel room revenue.**
- ▶ TIDs drive **economic impact.**

Session: The Economic Case for Tourism Improvement Districts to Drive the Recovery, presented by STR
Speaker: Adam Sacks, Tourism Economics

National Statistics



193 TIDs

Most Recent: Palmdale, CA
(October 2021)

56%
Gross
Revenue %



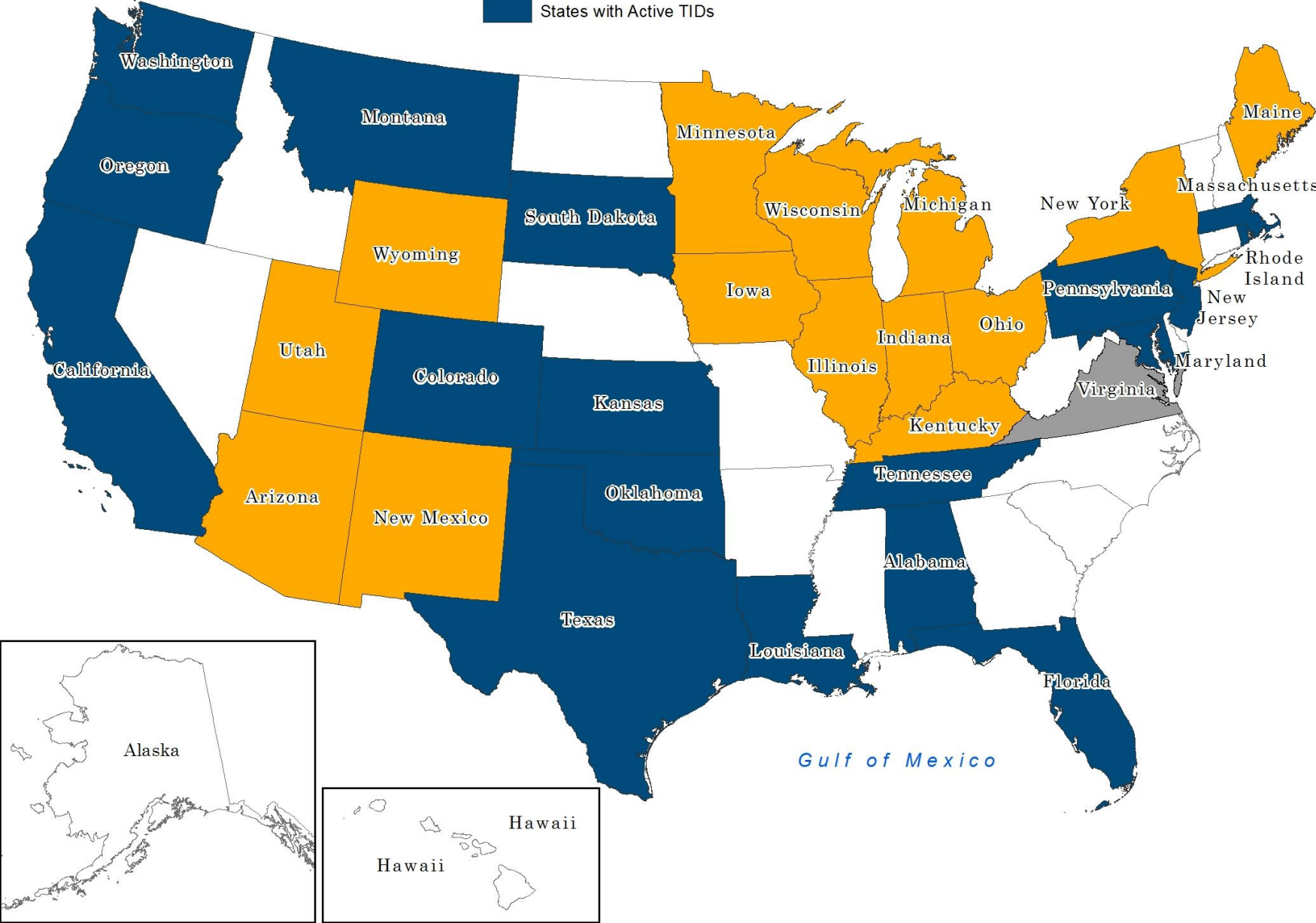
44%
Fixed \$
Amount

AMOUNT RAISED

Low	\$10,000
Median	\$787,000
High	\$41,000,000
Total	\$462,722,513

18 STATES

- Enabling Legislation But No Active TID
- TID Legislation Introduced / Considering Introduction
- States with Active TIDs

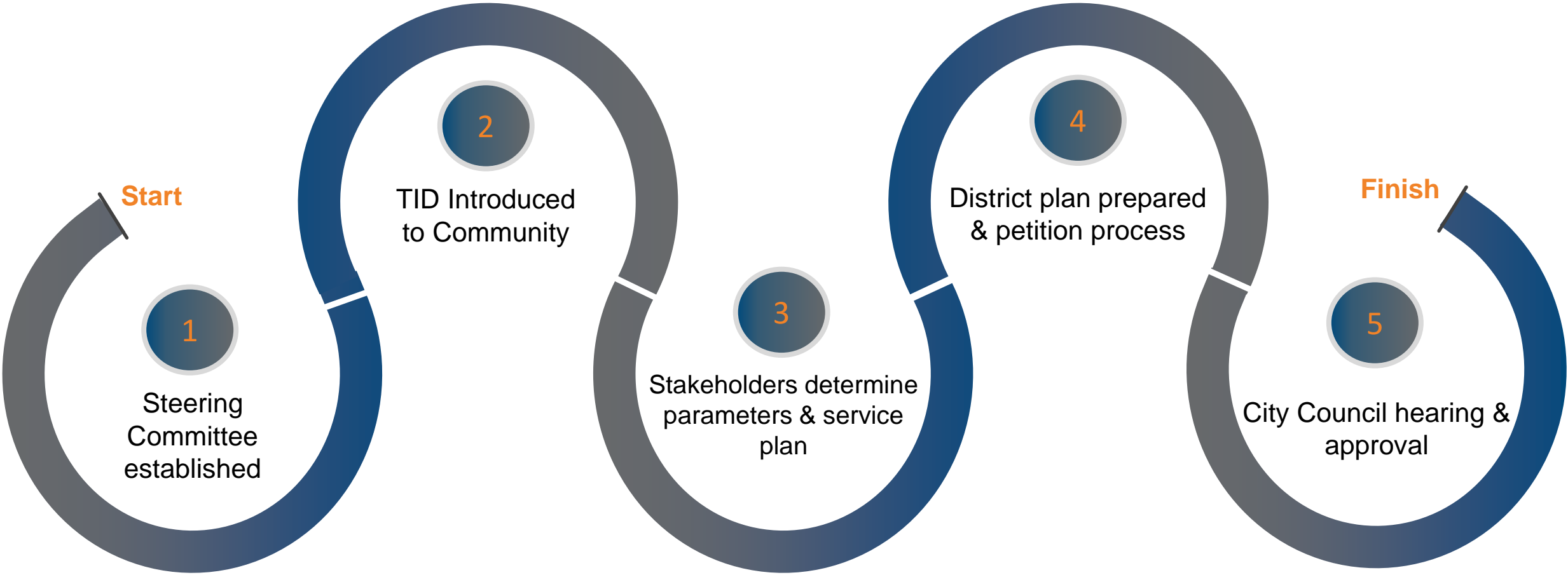


The Political Opportunity

- ✓ Electeds desire to help our industry
- ✓ Significant declines in government revenue
- ✓ Excellent timing to request policy decision
- ✓ Advocate for stable, long-term funding for recovery



Road Map to TID Formation



Rhode Island Key Provisions For TIDs...

Definition: A Tourism Improvement District (TID) is a mechanism for funding tourism promotion activities in any one or multiple municipalities (“municipalities” are any city or town) in the state of Rhode Island. Funds raised through an assessment on businesses within a designated geographic area are used to provide services desired by and directly benefiting those tourism businesses located within the district.

Purpose: To create an industry-led funding mechanism to support tourism promotion activities and to assist with recovery efforts.

Levy Type: A business assessment on any business establishment that is reasonably related to tourism, including hotels, motels, and more.

Levy Methodology: TID assessments may base on a fixed amount, rate per transaction, fixed rate per transaction per day, percentage of sales, any combination of these methods, or any other method that confers benefit to the payor.

Services: Any activities or improvements provided for the purpose of conferring specific benefits upon the businesses to which an assessment is charged that are located in the tourism improvement district are authorized, including capital improvements.

Baseline: The tourism improvement district is intended to provide supplemental funding and services, not supplant existing funding or services. After establishing a tourism improvement district, the municipality shall not decrease the level of publicly funded tourism promotion services in a TID existing prior to the creation of such TID.

Overlap: The proposed Act allows for TIDs to overlap with each other, as well as with districts formed pursuant to other special district laws in Rhode Island.

Term: Ten years on formation and 20 upon renewal.

Governance: A new or existing nonprofit corporation charged with promoting tourism within the area of the TID that is under contract with the municipality to administer the TID and implement activities and improvements specified in the TID plan may be designated as the TID Owner’s Association.

- Where a newly formed nonprofit corporation is designated as the owners’ association, the certificate of incorporation or by-laws shall provide that the owners’ association’s governing board shall be composed of a majority of business owners, or their authorized representatives, who pay the TID assessment.
- Where an existing nonprofit corporation is designated as the owners’ association, the nonprofit shall create a committee composed of a majority of businesses owners, or their authorized representatives, who shall be charged with managing the funds raised by the TID and fulfilling the obligations of the TID plan.

Rhode Island Key Provisions For TIDs Continued...

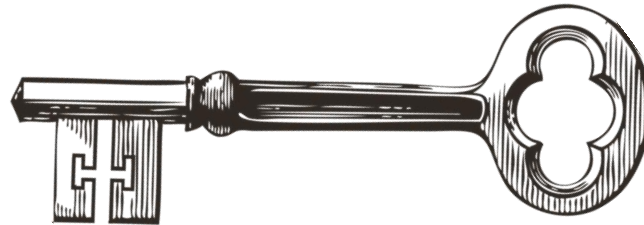
Petition: If business owners that either (1) constitute 60 percent or more of the total rooms within the TID; or (2) will pay 60 percent or more of the total amount of assessments proposed to be levied; sign a petition of support for the establishment of a TID, the TID will be established following a noticing requirement and public hearing.

Protest: If written protests are received at the public hearing from 60% or more of business owners or their authorized representatives, as determined via the same majority calculation as the petition, the municipality shall not levy the TID assessment.

Amendment: A TID may be amended upon request from the owners' association at any time by following a noticing period and the public hearing process. Any amendments will be reflected in an updated district plan filed with the municipal clerk.

Renewal: A TID may be renewed by creating a new district plan and following all steps to formation.

Dissolution: There is an annual thirty (30) day period in which a TID may be dissolved upon written objection signed by business owners that from 60% or more of business owners or their authorized representatives, as determined via the same majority calculation as the petition. The TID may also be dissolved if there has been a violation of law, malfeasance, or misappropriation of funds. The Act outlines an opportunity to cure by the owners' association if such findings are made. If the opportunity to cure these findings is not completed, the municipality may terminate the TID.





Case Studies



Greater Boston CVB

- ✓ Assess guests a 1.5% assessment
- ✓ Among the many priorities identified in the district plan, funds will drive recovery of the tourism and hospitality sector and ultimately allow Greater Boston to be more competitive in luring visitors, meetings and events

Outcome

- ✓ DMO Budget:
 - ✓ 8 million pre-COVID
 - ✓ 10 million first year TID
 - ✓ Post recovery 28 million TID

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“ ...this is that combination of having good neighbors coming together to want to make sure our neighborhoods thrive as well as our tourism industry. Making sure workers have good jobs, making sure that we all share in that wonderful recovery and all of the benefits that come from it..”

- Lydia Edwards

- Massachusetts State Senate, former Boston City Council

*Boston City Council Hearing on the formation of the
Boston-Cambridge TDMD
August 18, 2021*

Case Study: Newport, Rhode Island

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Investments Year in Review

LEISURE



3.1K ROOM NIGHTS BOOKED **\$830K** REVENUE GENERATED

SEPT - DEC 2019 \$45,000 INVESTMENT

2.5K ROOM NIGHTS BOOKED **\$947K** REVENUE GENERATED

FEB - APRIL, JUNE - AUGUST 2020 \$50,000 INVESTMENT



1,200 HOURS AUDIENCE VIEWED **96%** VIEWED DIGITAL VIDEO IN FULL

DEC - APRIL, JUNE - AUG \$75,000 INVESTMENT

Case Study: Newport, Rhode Island



3,913,210 IMPRESSIONS DELIVERED

20K ADDRESSES GARNERED FROM EBLASTS

9.8% EMAIL OPEN RATE

JAN, FEB, MARCH, JUNE \$10,000 INVESTMENT



13,232 WEBSITE PAGE VIEWS

7,679 VIEWED DEALS PAGE

1.54 AVERAGE MINUTES ON SITE



99 MEETING PLANNER CONTACTS



16 PROPERTY VIDEO AND PHOTOGRAPHY SESSIONS

COLLECTIVE THOUGHT MEDIA
\$5,250 INVESTMENT

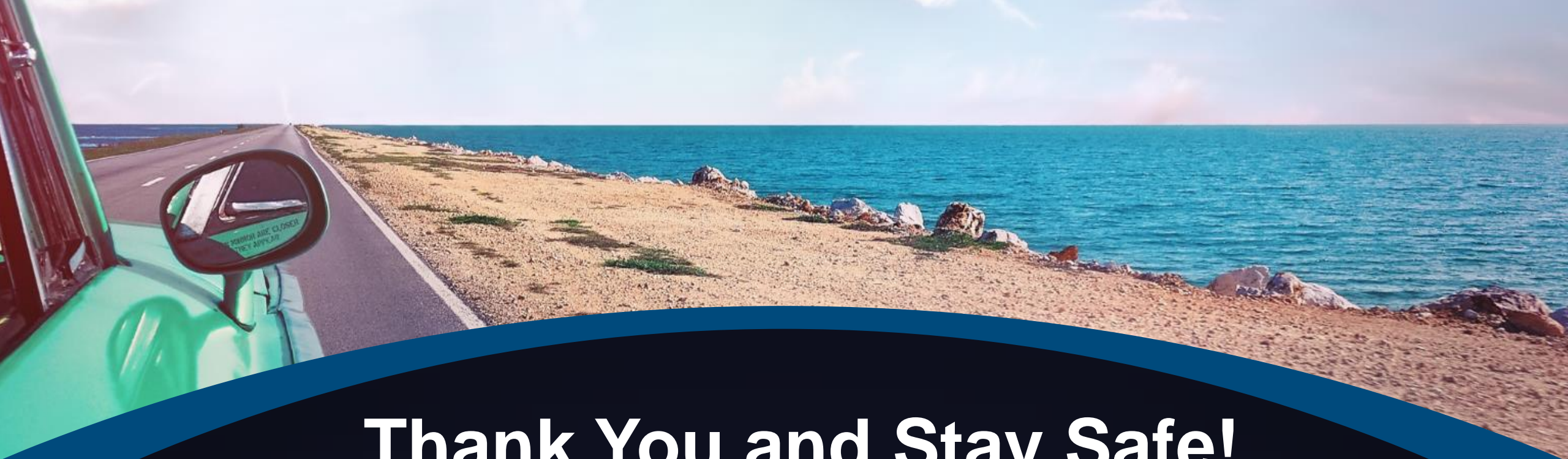


16 EACH PROPERTY'S FEATURED LISTING ON WEBSITE

\$52,500 INVESTMENT



587 ADDRESSES FROM WEBINAR



Thank You and Stay Safe!

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