

# Empowering Catalina Island with a Tourism Business Improvement District



May 4-5, 2021



# Presentation Outline

- Importance of Tourism
- Tourism Business Improvement District Overview
- Case Studies by Tourism Economics
- Proposed Catalina Island TBID
- Comp Set Analysis
- Quotes
- Q & A



# The Vital Role of Destination Promotion



1

The primary motivator of a trip is usually the experience of a destination

2

Effective marketing requires scale to reach potential visitors

The Challenge



The Solution

1

Destination promotion to articulate the brand message that is consistent with consumer motivations

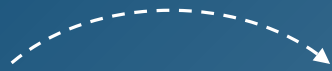
2

Destination promotion to pool sustained resources to generate impact

# Tourism Business Improvement Districts



**Tourism partners  
pay an assessment**



**Collected by the  
local government**



**Managed by the  
DMO**

- Level playing field—no free riders
- Transparency
- Reliability
- Pass-through to guests and patrons more compelling

# Tourism Business Improvement Districts

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Tourism Business Improvement Districts (TBIDs) are **a stable source of funding** for marketing efforts designed to increase sales and occupancy at assessed businesses. Funds raised through a small assessment on certain tourism businesses are used to provide services desired by and **directly benefitting** the assessed businesses in the district. Unlike bed taxes, they **cannot** be spent on general programs by the local government.

## What does a TBID do?

Increases tourism through:

- **Marketing & sales**
- **Promotions**
- **Website and Internet presence**
- **Capital improvements**

## What are the advantages?

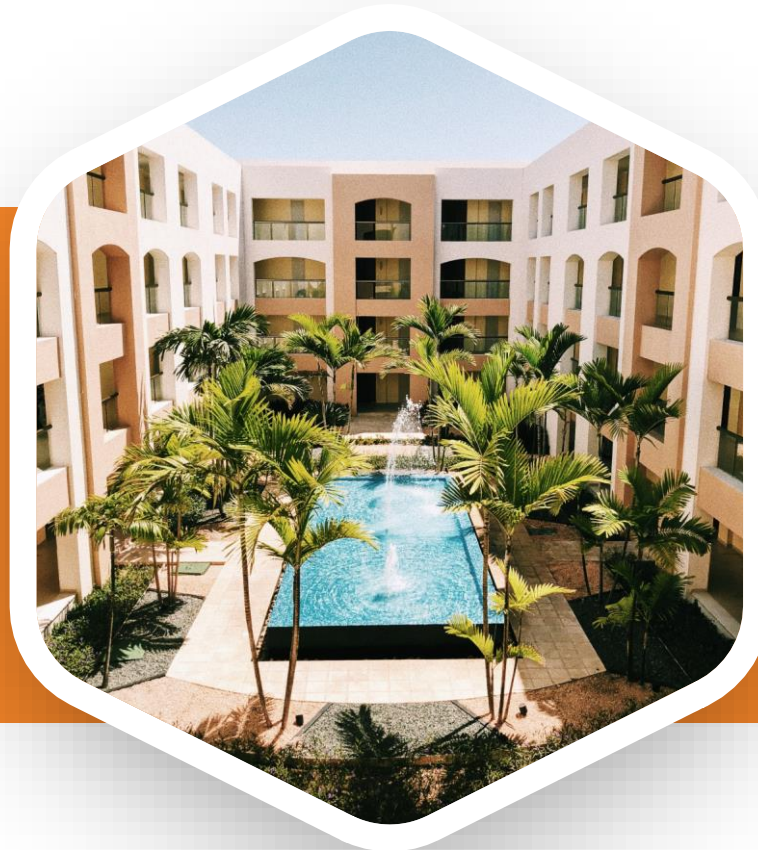
- **Funds cannot be diverted for government programs.**
- **They always include lodging, but can also include restaurant, retail, and attractions.**
- **Stable, reliable operation funding.**

# Evolution of Destination Marketing Funding: From Bed Tax to TBID



## Bed Tax

- No defined term
- Government managed and imposed
- No requirement of benefitting the paying businesses



## TBID

- Specific term and plan
- Managed and approved by those paying the assessment
- Legal accountability to the district plan
- Based on benefit to tourism businesses
- TBID funds cannot be diverted

# Global TBID Statistics

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## 189 TBIDs

Most Recent: Ventura and North  
Lake Tahoe (March 2021)

56%  
Gross  
Revenue %



44%  
Fixed \$  
Amount

### AMOUNT RAISED

Low	\$10,000
Median	\$787,000
High	\$120,000,000
Total	\$568,563,513

## 17 STATES



An aerial photograph of a coastal town and harbor at sunset. The town is built on a hillside overlooking the water, with many white buildings. The harbor is filled with numerous sailboats and larger ferries. A large white building with a red roof is visible on the right side of the harbor. The sky is a warm orange color from the setting sun.

# Case Studies *by Tourism Economics*

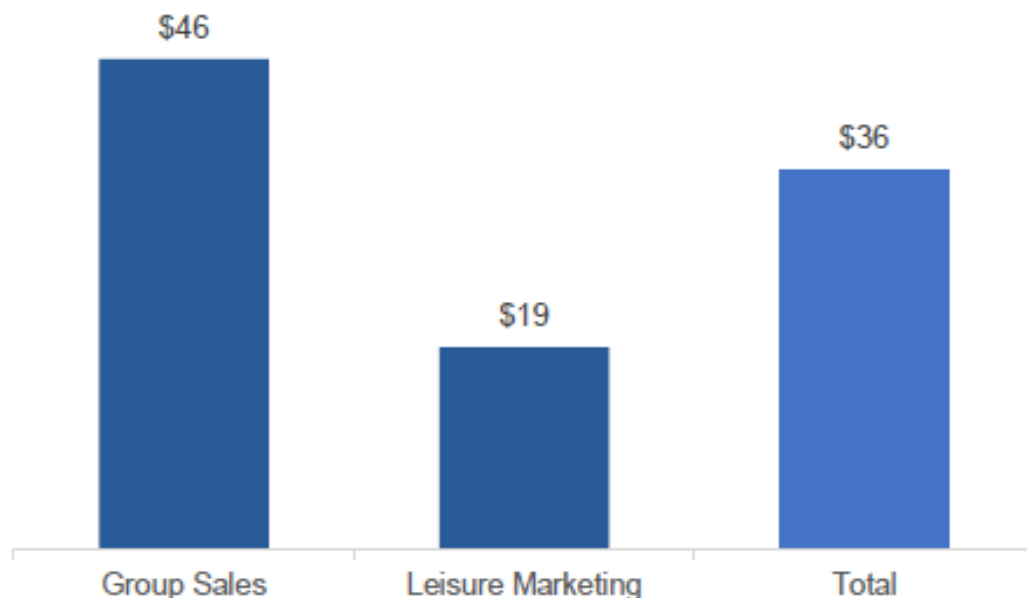


## VISIT BALTIMORE

\$36 in visitor spending for every dollar directly invested into sales and marketing

### Incremental visitor spending per dollar invested

Visit Baltimore ROI, FY 2019



Sources: Tourism Economics; Visit Baltimore

## VISIT SAN ANTONIO

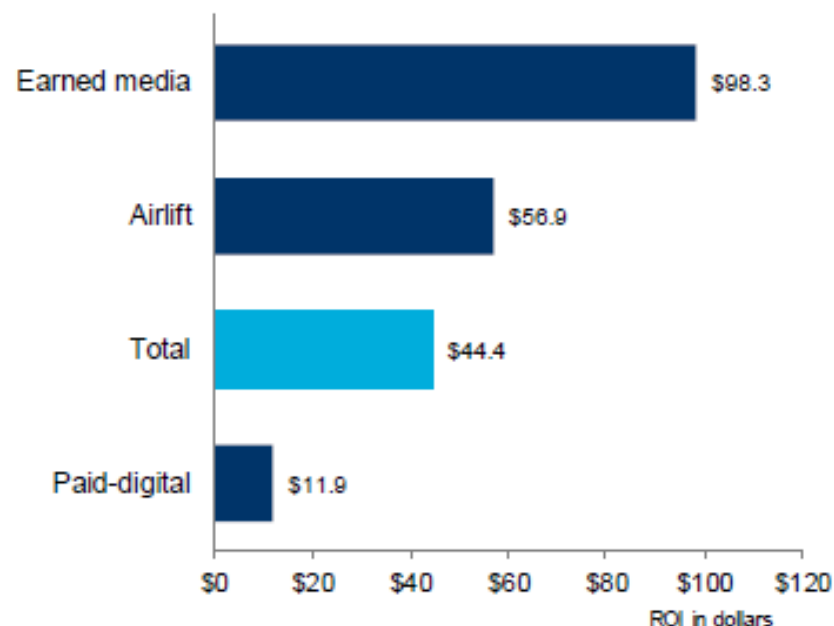
### TPID launched in January 2019

- Secured 190,000 room nights of definite and tentative group business with \$15.70 in room revenue for every \$1.00 investment
- Mobile device location data analysis indicates \$50 visitor spending for every \$1 advertising investment

## VISIT SLO CAL

\$44.40 in visitor spending for every dollar invested and influencing \$40.5 million in total visitor spending in 2018

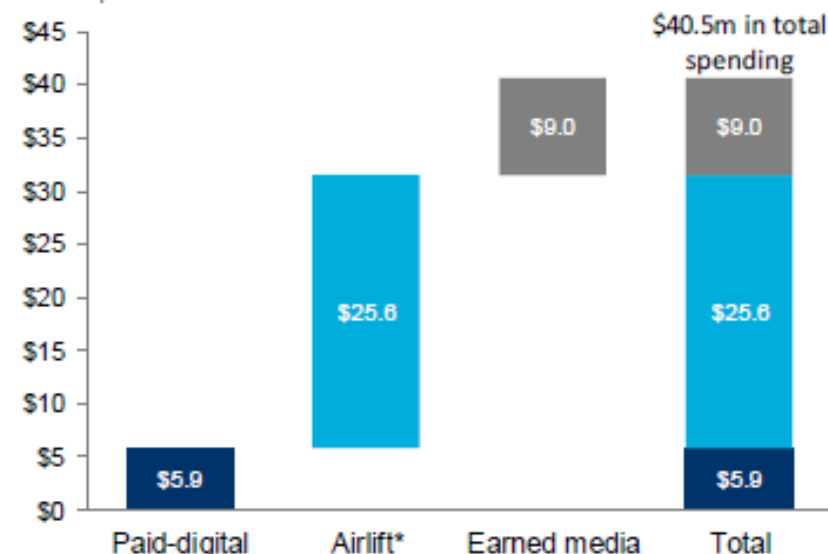
Visitor spending influenced per dollar invested



Source: Tourism Economics

Visit SLO CAL marketing-influenced spending, 2018

Dollars, millions



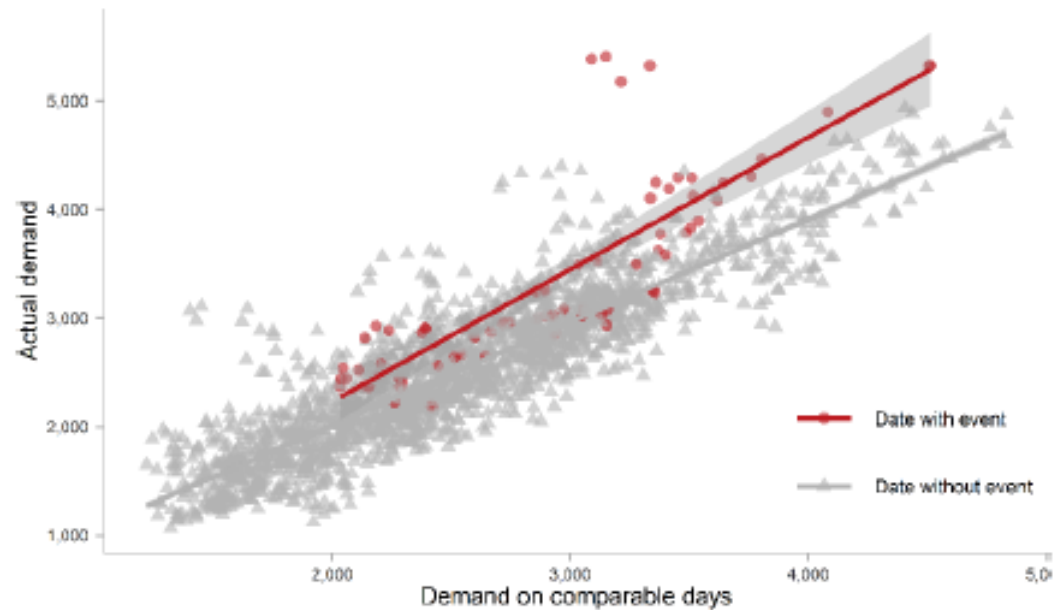
\*airlift dollars are divided by two to reflect that the effort took place over two years

Source: Tourism Economics

# BENEFITS TO SHORT TERM RENTALS

19% increase in ST rental room nights booked in San Francisco during major events

Short-term rental demand: Entire place, City



Note: Demand measured as room nights.  
Source: AirDNA, Tourism Economics

San Francisco Travel generated 32,000 additional short-term rental room nights during 69 event days analyzed.



An aerial photograph of Catalina Island, California, showing the harbor filled with numerous sailboats and yachts. In the foreground, a large ferry pier is visible with several ferries docked. The island's coastline is lined with buildings, and the background features rugged, hilly terrain under a warm, golden light. A large, white, curved banner at the bottom of the image contains the title text.

# Proposed Catalina Island Tourism Business Improvement District

# Steps to Formation



Step 1

Create a Steering Committee

Step 2

Build Consensus from Stakeholders on District Parameters

Step 3

Draft Management District Plan

Step 4

Stakeholders petition the City Council to create a TBID

Step 5

City Council Public Hearing Process





# District Parameters Discussion:

1. Boundaries
2. Assessment Rate & Budget
3. Programs & Activities
4. Term
5. Governance





# Proposed Boundaries

- Catalina Island: City of Avalon and Unincorporated area of Los Angeles County
- All lodging businesses
- Golf Cart Rental Companies

# Proposed Assessment Rate & Estimated Budget

Lodging Assessment Rate	Golf Cart Rental Assessment Rate	Estimated Budget*
1.0%	\$1.00 per rental	\$540,000

*\*Collection estimates based on FY19*

# Proposed Programs and Services

- Sales, Marketing and Communications
- Destination Development
- Administration
- Contingency/Reserve
- City/County Collection Fee

*...Programs and Services to benefit the TBID payors!*



# Sales, Marketing & Communications

The program will have the goal of increasing demand for overnight visitation and sales at assessed businesses, and may include the following activities:

- Development of a marketing plan to ensure district funds are strategically spent to market assessed businesses
- Internet marketing efforts to increase awareness and optimize internet presence
- Content Development for photoshoots and video shoots for digital promotion
- Advertising targeted at potential visitors
- Expand and implement a public relations and communications strategy, inclusive of social media outlets and press release distribution

# Sales, Marketing & Communications

- Partnership with both local and state tourism organizations to target key international markets
- Attendance of professional industry conferences and affiliation events
- Attendance of trade shows
- Director of Sales/Marketing and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses
- Lead generation activities designed to attract tourists and group events
- Familiarization tours

# Destination Development

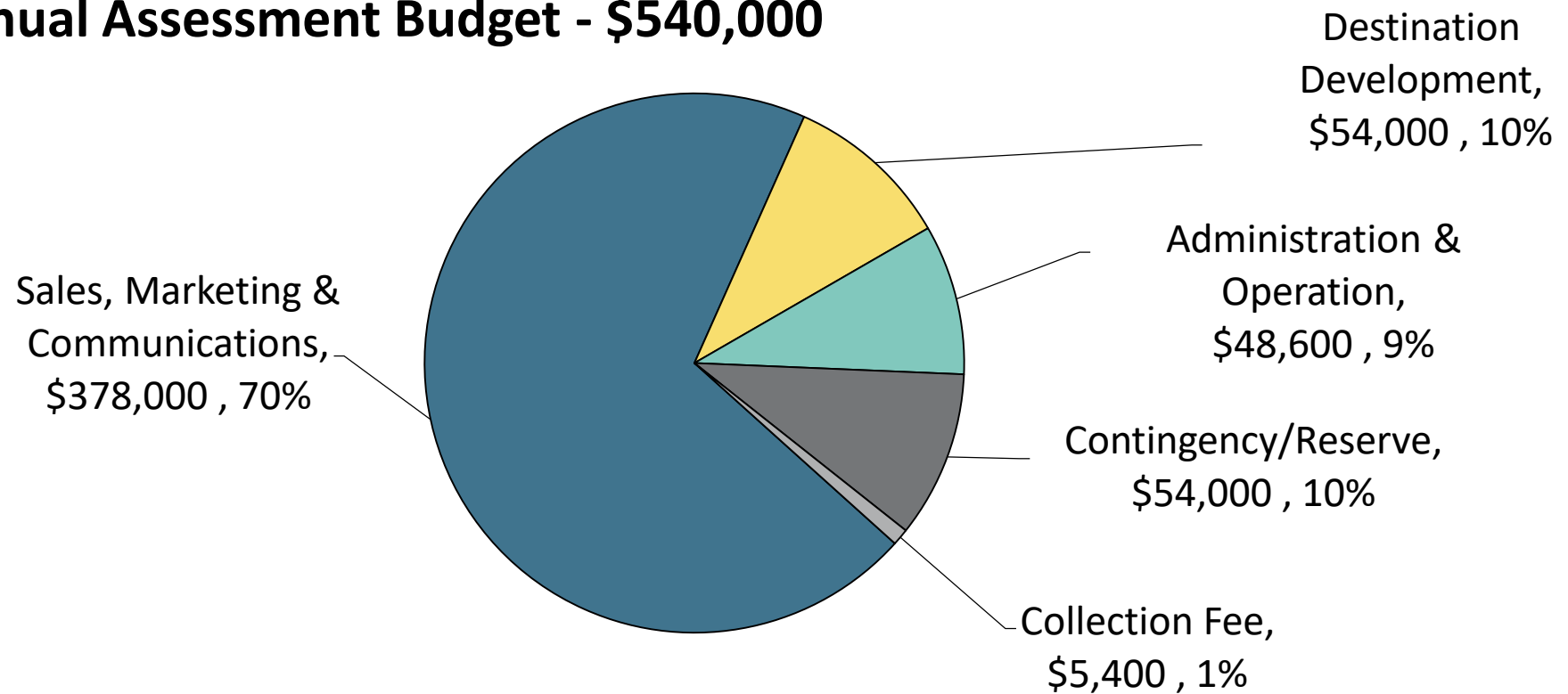
The Destination Project Development projects may include:

- Infrastructure improvements that enhance the destination competitive position to attract visitors and special events year-round
- Comprehensive and integrated wayfinding signage system and/or banner program
- Art and cultural projects, to attract overnight visitors
- Gateway enhancements, to attract overnight visitors
- Enhancements to environmental experiences
- Other programs and activities that will enhance the visitor experience



# Proposed Budget Category Amounts

## Initial Annual Assessment Budget - \$540,000



# Governance & Term

- Term:
  - Law allows maximum 5 year term on inception
  - Up to 10 years upon renewal

- Governance:

Upon successful formation, Catalina Island Tourism Authority shall create a TBID Committee made up of businesses paying the assessment that determine how the TBID funds are spent, in accordance with the Management District Plan

# Formation Process & Timeline

	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
Continue Outreach & Consensus Building						
Document Prep & Approval						
Petition Drive						
Hearing Process			ROI	Public Meeting	ROF	
District Begins Collections						1 <sup>st</sup> of the month

# Comp Set Analysis

Destination	TOT Rate	TBID Assessment	Total Pass Thru to Guest	TBID Budget	TBID Term
Anaheim	15.0%	2.0%	17.0%	\$17,500,000	30 years
San Francisco	14.0%	1.0% - 2.25%	15.0% - 16.25%	\$25,000,000	15 years
Greater Palm Springs*	10.0% - 12.7%	1.0% - 3.0%	11.0% - 15.7%	\$17,000,000	10 years
Santa Monica	14.0%	\$1.50 - \$5.25/night	14.0% + \$1.50 - \$5.25/night	\$4,800,000	10 years
Huntington Beach	10.0%	4.0%	14.0%	\$5,000,000	10 years
Santa Barbara Coast	11.0%	\$1.00 - \$7.00/night	11.0% + \$1.00 - \$7.00/night	\$5,700,000	5 years
Newport Beach	10.0%	3.0%	13.0%	\$4,500,000	Annual
San Diego	10.5%	2.0%	12.5%	\$41,000,000	40 years
Monterey County*	10.0% - 12.0%	\$0.50 - \$2.50/night	10.0% - 12.0% + \$.50 - \$2.50/night	\$4,300,000	5 years

An aerial photograph of a coastal town and harbor during sunset. The town is built on a hillside overlooking the water, with numerous white buildings. The harbor is filled with many sailboats and a few larger ferries. A prominent white building with a red roof is situated on a small peninsula on the right. The sky is a warm orange and yellow, reflecting on the water. A large blue curved banner is at the bottom of the image.

# Quotes



It was a risk to explore the idea of another TMD formation when Ventura already participates in a regional TMD. The year of COVID put everything on the table and in a year when our stakeholders, city leadership, and the community saw first hand the impact on the city without tourism, we felt our story was never easier to tell. The biggest challenge was the virtual environment that we were confined to. In an industry where we rely on our relationships and embrace everything hospitality, I would have loved to be able to have in-person conversations with our partners.

I have been with the organization for almost 9 years and every year is a struggle on funding with the city, the TMD is our silver lining from COVID. Our budget will be better than it ever has and we will direct programming that will build momentum and keep it going.

**Marlyss Munguia Auster**

*President & CEO*

*Ventura Visitors and Convention Bureau*

“For a hotel owner, a TBID is simply a pass-thru just like the lodging tax. Unlike the lodging tax, which the City spends without any benefit to the hotels, the TBID is a mechanism that generates funding to benefit the businesses paying the TBID assessment. The TBID mechanism was a no brainer for us.

The TBID mechanism did generate some initial push-back from a few hoteliers who saw it as a new tax. Four years after the initial formation, when going through the renewal of the TBID, those same hoteliers were fully supportive of the TBID because they saw an increase in business. The increased marketing and sales exposure from Visit Fairfield with the TBID funding was creating an increased demand for the hotels in our market."

**Anand Patel**

*Former Hotel Owner*

*Current President/CEO Visit Fairfield*

"We decided to form a Tourism Marketing District in 2017. We did so in order to increase funding to promote Visalia and encourage overnight visitation in our City.

One of the biggest benefits of a TMD and the main reason we decided to form one, was that these funds are stable and not spent at the City's discretion. During the formation of our TMD, we had two concerns. One, that the City would decrease the current level of lodging tax that is provided to fund tourism marketing and promotions. Two, that our smaller and non-branded properties would oppose the formation of the TMD. In the past three years of our TMD, neither concern has become a reality. We continue to leverage our TMD's dedicated funding to increased the demand for overnight stays in Visalia."

**Anil Chagan**

President, Infinite Hospitality

"The Siskyou TBID is the perfect example of a successful economic development sector strategy. The lodging properties and ski park petitioned to approve the TBID in 2015 and it has proven to successfully unify stakeholders with a collaborative mission and vision. Direct travel spending has increased nearly 13 million dollars since the inception of the district and Siskyou is well positioned to see continued growth in the coming years."

**Niki Brown**

Program Manager, Discover Siskyou

Q & A

