



ROCKFORD AREA TOURISM PROMOTION SPECIAL SERVICE AREA

An Investment in Tourism's Economic Impact



Now More Than Ever, Tourism Must Recover



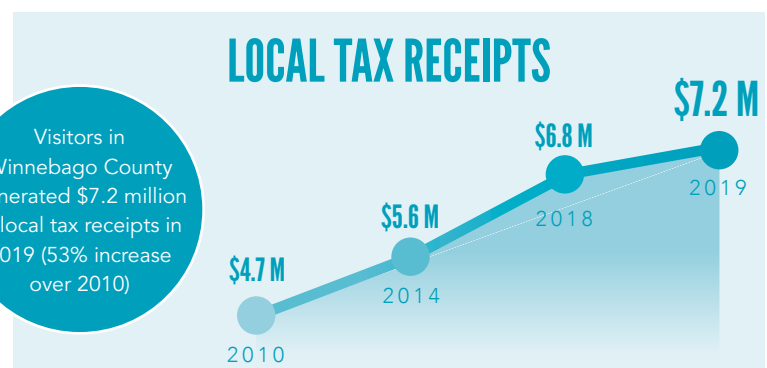
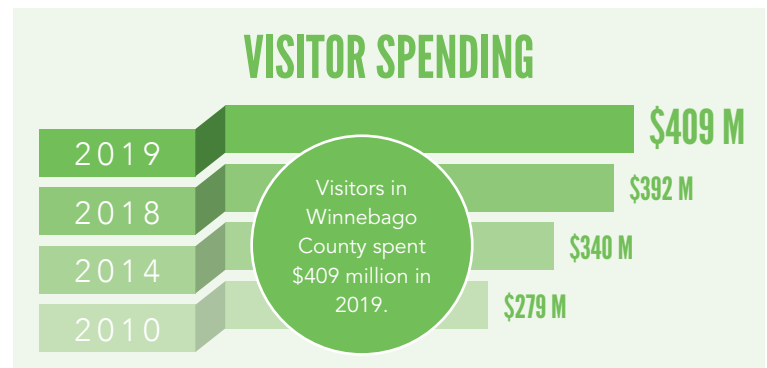
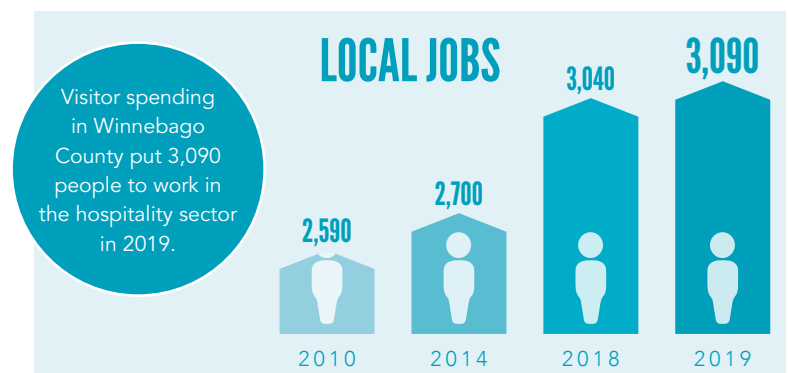
Prior to COVID-19, our region was on the rise and tourism was a driver of that success. Visitor spending yielded an unprecedented 10-year run of growth in Winnebago County's tourism sector.

According to the Illinois Department of Commerce & Economic Opportunity, in 2019 the economic impact of the tourism sector in Winnebago County **grew by 4.3 percent**, outpacing the state growth average of 3.3 percent. During 2019, visitors spent more than **\$409 million** while visiting Winnebago County and directly **supported the livelihood of 3,091 hardworking area residents with employment income of \$100 million.**

Now, amidst pandemic-era travel restrictions, so many hotels are hurting with occupancy and room rates at historic lows. The direct impact of loss of funding (approximately \$750,000) for recovery and growth, amplifies the need to jump start investment in marketing and sales to ensure the Rockford region returns to pre-pandemic levels and grows.

Our region's tourism sector has a great foundation on which to rebuild and grow. RACVB will be there every step of the way doing its part to ensure our tourism sector recovers and thrives.

Funding our recovery requires a new, stable source of revenue, like a Tourism Improvement District (TID). In Illinois, a TID is the function of a "Special Service Area." This case for support outlines the importance of creating a local TID, Rockford Area Tourism Promotion Special Service Area (RATPSSA), as a vital investment in our recovery.



Source: Illinois Department of Commerce, US Travel Association

Tourism Recovery & Growth Solution: TID

WHAT IS A TOURISM IMPROVEMENT DISTRICT?

A Tourism Improvement District (TID) is a hotelier-proposed and city-approved assessment that provides a stable source of funding to support group sales, marketing and promotional efforts. The ultimate goal of a Tourism Improvement District is to increase hotel occupancy. It is not a tax, but does supplement existing hotel room night taxes.

Funds raised through an assessment on lodging are used to provide services directly benefiting the hotel businesses in the district. Increasingly, cities across the country are turning to TIDs as a tool to boost their tourism efforts, retain business, remain competitive and re-grow post-pandemic. A Tourism Improvement District (TID) is:

- Designed, created, and governed by those who pay the assessment and the funds must be spent to benefit those who pay the assessment
- A stable source of funding dedicated to tourism promotion
- Self-assessed so the funding cannot be diverted by government action for other programs

WHY SHOULD OUR REGION CONSIDER A TID?

Even before the pandemic, hotel occupancy and ADR (Average Daily Rate) were not keeping up with increases in supply or growing as fast as other markets. With COVID-19 driving decreases in occupancy and ADR, there is a dire need to invest in a plan that will deliver recovery and growth for the hotel sector and tourism industry. As a comparison, within our region the ADR has dropped from \$91.79 in 2019 to \$76.23 in 2020. Occupancy levels too have declined from 65.3% in 2019 to 47.4% in 2020.

Without a strategic investment, there is no guarantee of a return for the area's overnight visitor economy. To bring back previous business and to grow, it will take financial resources that are not currently available due to budget cuts and the current funding model. A TID funds recovery in our local tourism economy through a sustainable and proven investment, that is paid for by the visitor and not through increased taxes. It allows our hotels to be in the lead position in the return of overnight visitors and their integral role in the region's economy.

WHAT ARE THE BENEFITS OF A TID?

A Tourism Improvement District is designed with tourism at top of mind, providing the necessary structure to ensure funding is used for marketing and sales programs that bring visitors to the community. A TID is:

- In alignment with the timeline for implementation of the pandemic vaccine rollout and economic recovery
- into tourism marketing yields \$9 on visitor spending in return for the community)
- Accountability and efficiency-oriented with hotelier oversight that comes with it
- A catalyst for tourism impact, magnifying the 1:9 tourism marketing investment yield (every \$1 invested
- A stimulant to job growth and employment retention tied directly and indirectly to the hospitality industry
- The ability to focus on core segments for future growth based upon hotel occupancy needs such as weekday, leisure travel, sports tourism

TOURISM IMPROVEMENT DISTRICT AT A GLANCE

- Hotel guests pay the assessment
- They are designed, created, and governed by those who pay the assessment to help ensure ROI
- The assessment can be in the form of a % or set \$ amount per occupied room
- Funds can only be used for purposes approved by oversight board of hoteliers
- Approved by City Council following authorization from hoteliers
- Collections begin at a date certain as agreed to during district formation



Risks Without Investment

WHAT IS THE RISK OF NOT INVESTING MORE IN TOURISM?

Without additional multi-year investment into tourism marketing, sales and destination development, our economy—including the performance of area hotels, local restaurants and shops, and attractions—is at greater risk of not fully recovering from the pandemic. Some of RACVB's tactics (and the results outlined below in the Examples of RACVB Events at Risk table) that would be impacted include:

- Bid fees will be diminished to the point of being unable to secure the national events that draw the most overnight stays and the highest returns of tourism economic impact.
- Operations and servicing resources will be reduced or eliminated, jeopardizing the impact our organization can have on customer experience—which is often the difference maker for small market destinations that compete on a national scale.
- Marketing programs will be diminished in leisure and group segments, harming our reach to visitors, limiting our brand awareness and ultimately minimizing our destination's credibility as a place to visit and live.

EXAMPLES OF RACVB EVENTS AT RISK

Below are a few examples of events from 2017-2021. This is a snapshot of the direct costs paid or estimated to be paid by the RACVB through bid fees and servicing cost as well as the projected room nights and estimated economic impact (EEI). Without adequate funding to support these hard costs these types of events are at risk.

IL USBC Womens & IL USBC Open

\$38,000 bid fee + \$4,000 servicing
3,900 room nights
\$10,550,289 EEI

NAFA

\$5,000 bid fee + \$14,000 servicing
2,200 room nights
\$663,005 EEI

2019 Tough Mudder

\$10,000 bid fee
1,400 room nights
\$1,305,757 EEI

2019 Jehovah's Witnesses Convention

\$8,000
4,000 room nights
\$589,000 EEI

2019 National Softball Association Girls Fastpitch

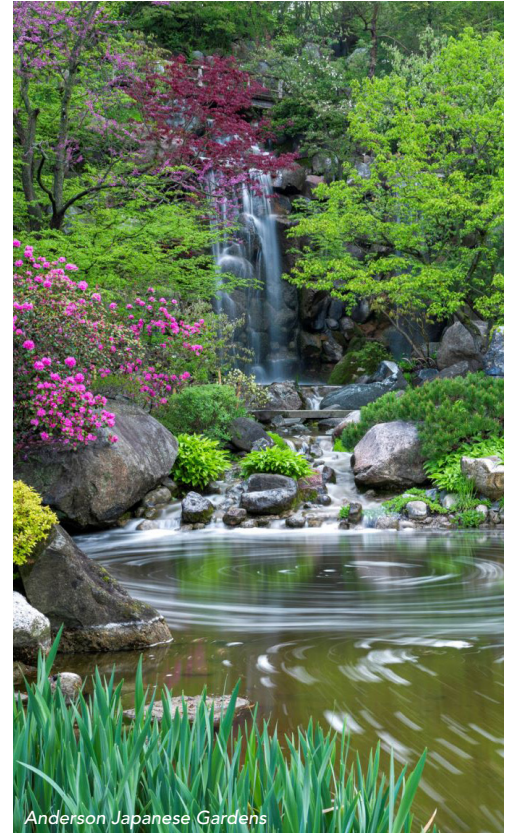
\$7,500 bid fee + \$20,000 servicing
4,000 room nights
\$2,102,494 EEI

2019 USA BMX

\$7,500 + \$1,000 servicing
2,600 room nights
\$1,125,483 EEI

Puri Cup Sponsored by PUMA Cup (Championship and Showcase Tournaments)

\$4,000 annual sponsorship + \$1,000 servicing
10,000 room nights
\$3.9 million EEI



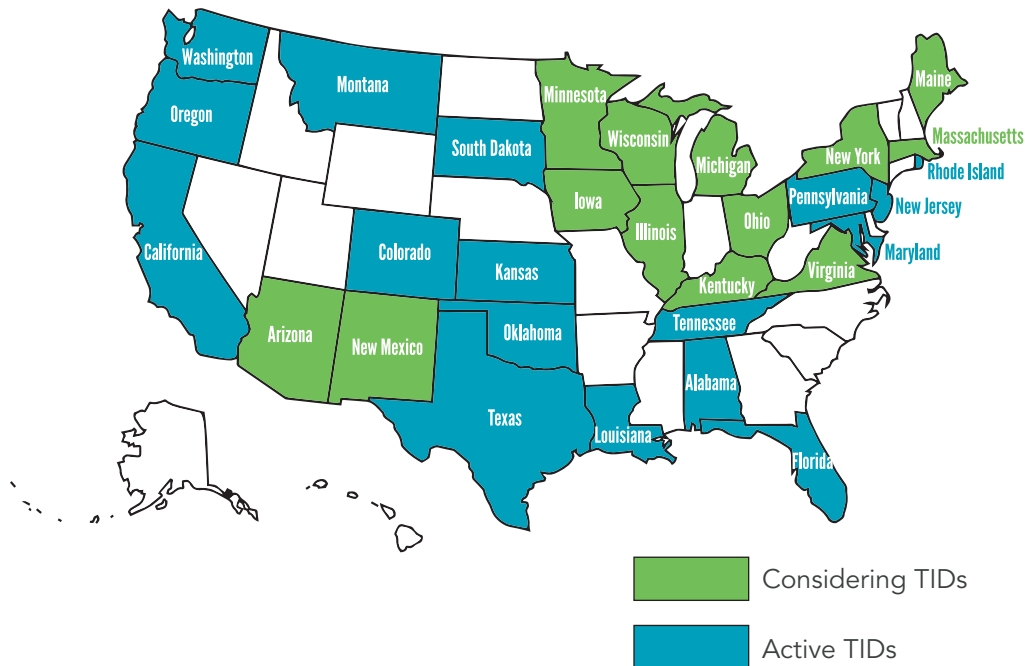
Anderson Japanese Gardens



Mercyhealth Sportscore Two

Assessment and Timeline

TOURISM IMPROVEMENT DISTRICTS AS OF FEBRUARY 4, 2021



ASSESSMENT EXAMPLE

The following is an example of potential investment revenue through the TID Assessment (rounded to the nearest hundred):

2%:
\$953,600

3%:
\$1,430,400

Example uses Loves Park - ADR \$79.05, room count 325, occupancy rate 56.2%

Rockford - ADR \$80.24, room count 2,467, occupancy rate 58.7%



TIMELINE TO RECOVERY*

ACTION DATE	DATE
Establish TID budget and proposed services	December 2020 - February 2021
Outreach to hoteliers, local government staff and officials	January - July 2021
Draft TID formation documents (resolutions, ordinances, notice)	May 2021
Public hearing, hotel approval on formation ordinance	August 2021
City adopts TID formation ordinance	September 2021
TID begins collecting assessment	October 2021

* Subject to change



THE RACVB'S ROLE AS YOUR DESTINATION MANAGEMENT ORGANIZATION (DMO)

As Winnebago County's only accredited, official destination marketing entity certified by Destinations International—the governing association of destination marketing globally—the Rockford Area CVB offers comprehensive marketing, sales and destination development programs for residents and visitors that deliver millions in annual tourism economic impact to the region. Some of RACVB's proven strategies for success include:

- Paying bid fees and/or incentives to recruit new and retain regional and national events in the meetings and sports segments.
- Positioning our region as a go-to destination for group and leisure clients through industry association ad buys and media relations campaigns.
- Hosting and producing familiarization (FAM) tours and site visits with event operators, trade publications and national media to ensure decision makers learn about our region first-hand.
- Executing strategic out-of-market marketing, sales and media relations activities, including attending trade shows, conducting media and sales missions, and mixing traditional and disruptive advertising methods to drive marketing reach and brand awareness.
- Servicing tourism events through day-of staffing assistance, special event(s) planning (including opening ceremonies, coaches receptions, banquet dinners, etc.), welcome gifts and signage, and more—all to ensure the customer experience is memorable.
- Developing and enhancing locally-produced and destination-defining events that draw regional overnight stays while strengthening the quality of place.
- Advocacy for hospitality partners to who help generate room demand. (i.e. Hotels, attractions, venues, small business retail & restaurants)