A Strategic Investment for Growth



Enhancing Tourism Through Tourism Improvement Districts (TIDs)

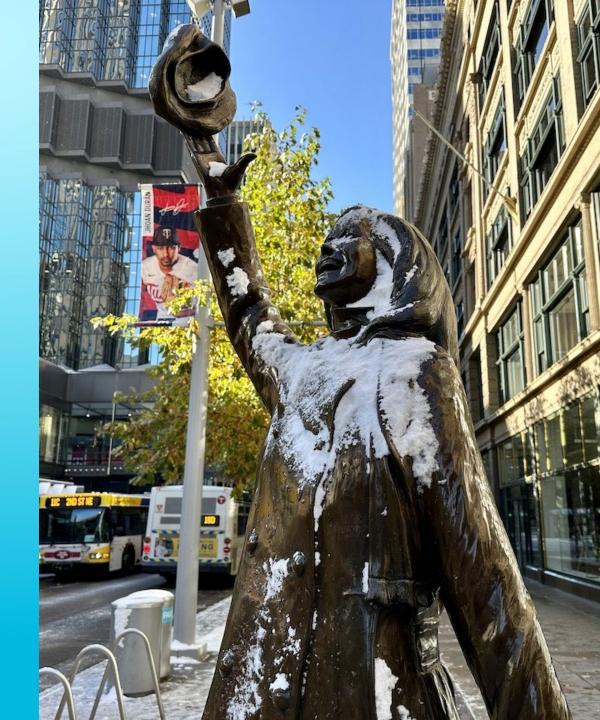
PRESENTATION OVERVIEW

- Why do we need a Tourism Improvement District (TID)?
- What are Tourism Improvement Districts (TIDs)?
- How would a TID benefit the Minneapolis hotel community?
- How would a TID work?
- Meet Minneapolis as your partner



WHY A TID FOR MINNEAPOLIS?

- Recovery is uneven
- Business travel rebound not happening
- Need to focus on holiday and winter need periods
- We need funding to support the development of Experiences, Activations, Special Events and Leisure Campaigns
- We need funding to support workforce development and advocacy
- Sunset of ARPA funding in 2023



RECOVERY IS UNEVEN

Competitive Set 2023 Occupancy %

Destination	2023 Occupancy %
*Denver, CO	68.7
Chicago, IL	65.1
Indianapolis, IN	64.5
Kansas City, MO	61.1
Cleveland, OH	59.2
Milwaukee, WI	57.9
Cincinnati, OH	57.5
*Louisville, KY	57.3
Columbus, OH	56.2
St Louis, MO	54.8
*Detroit, MI	52.6
Minneapolis, MN	51.2

Source: STR data *Cities with TID Currently

RECOVERY IS UNEVEN

Competitive Set 2023 RevPAR

Destination	2023 RevPAR
Chicago, IL	\$145.15
*Denver, CO	\$144.90
Indianapolis, IN	\$119.49
Kansas City, MO	\$107.04
*Detroit, MI	\$106.05
Cleveland, OH	\$97.51
*Louisville, KY	\$96.16
Milwaukee, WI	\$95.45
Columbus, OH	\$89.21
St Louis, MO	\$88.54
Minneapolis, MN	\$88.23
Cincinnati, OH	\$76.98

Source: STR data *Cities with TID Currently

RECOVERY IS UNEVEN

Competitive Set Occupancy % 2023

Destination	Trans.	Grp.	Cont.	Total
Chicago, IL	44.6	19.0	1.4	65.1
Cleveland, OH	42.9	13.3	2.9	59.2
*Denver, CO	42.3	21.1	5.3	68.7
Cincinnati, OH	41.3	13.8	2.4	57.5
Milwaukee, WI	36.8	17.5	3.7	57.9
Kansas City, MO	35.4	22.8	2.9	61.1
Columbus, OH	35.3	17.3	3.5	56.2
St Louis, MO	33.8	18.7	2.3	54.8
*Louisville CBD,				
КҮ	33.6	21.1	2.7	57.3
Minneapolis, MN	32.7	17.3	1.2	51.2
*Detroit, MI	32.7	15.9	4.0	52.6
Indianapolis, IN	31.6	29.0	3.9	64.5

Source: STR data *Cities with TID Currently

DMO BUDGET COMPARISON

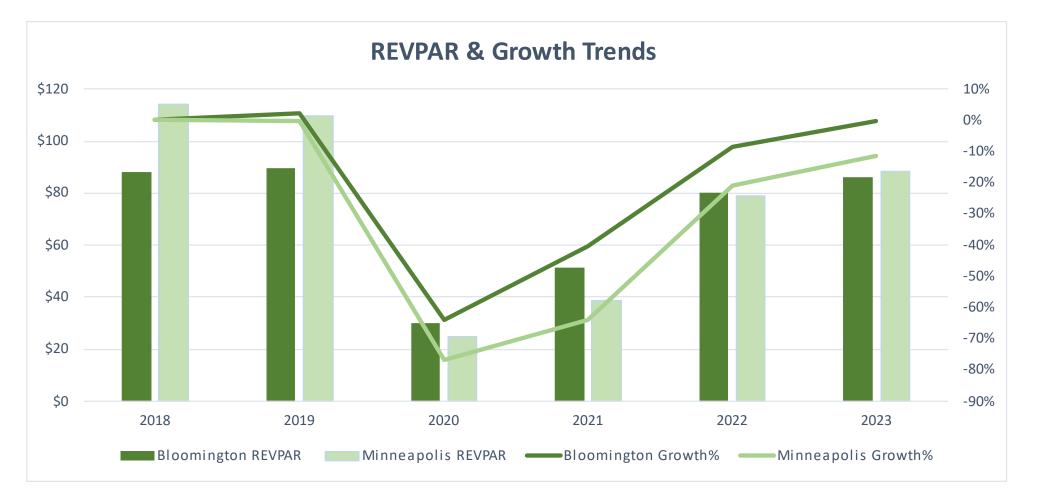
We are lagging to get our fair share of business

Destination	Budget
*Denver, CO	\$41.6 M
*Louisville, KY	\$36.2 M
Chicago, IL	\$32.8 M
*Detroit, MI	\$20.6 M
Cleveland, OH	\$19.5 M
Columbus, OH	\$18.4 M
Indianapolis, IN	\$16.2 M
Kansas City, MO	\$13.8 M
Minneapolis, MN	\$12.8 M
Cincinnati, OH	\$12.1 M
Milwaukee, WI	\$10.5 M

*Cities with TID Currently

COMPETING WITH THE BLOOMINGTON MARKET

Minneapolis - Bloomington Comparison



What are Tourism Improvement Districts (TIDs)?

TOURISM IMPROVEMENT DISTRICT

- A TID is a public-private partnership created for the purpose of providing supplemental funding for specific tourism activities.
- TID funds generated may only be used for new tourism-specific activities that must benefit hotels.
- A TID enhances the public sector investment in the tourism industry.
- Current lodging taxes are used to fund transportation, housing, Target Field and other downtown assets such as the MCC.





TOURISM IMPROVEMENT DISTRICT

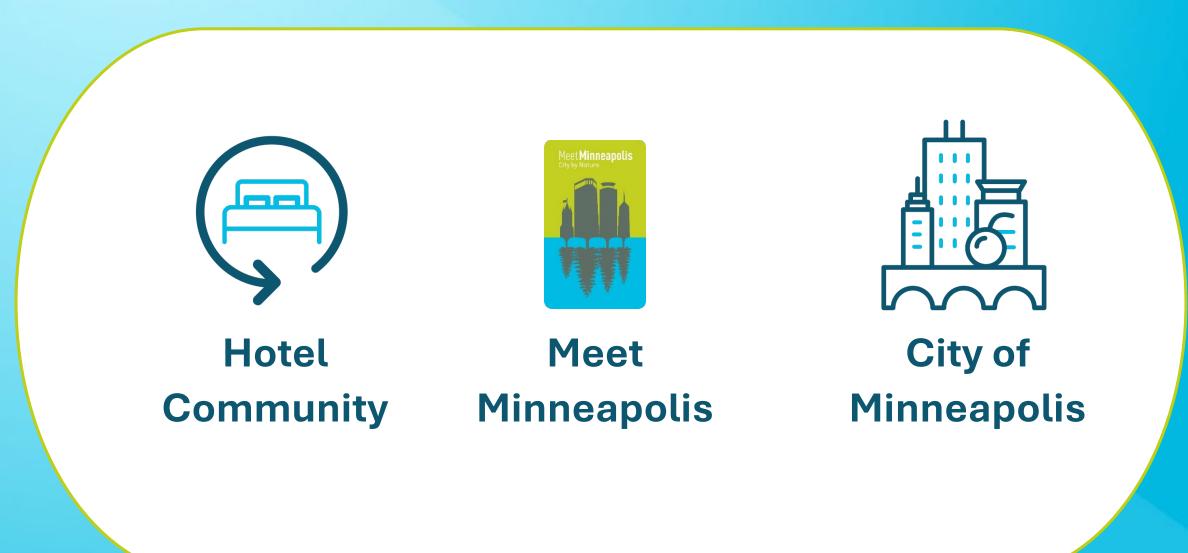
- 211 TIDs in 21 states.
- Typically, a percentage of room night sales or a fixed dollar amount per night.
- Operations and management of TIDs are determined by the hotels.
- The services funded by a TID typically include marketing, sales, promotions, website and digital presence, and group sales.
- It's time for Minneapolis to start thinking like a big city.

HOW TIDs ARE MANAGED

- The TID is managed by a governance committee made up of leaders from lodging businesses that charge the assessment.
- The committee makes decisions about the use of the funds.
- This allows flexibility and provides resources when market conditions change quickly.



PUBLIC PRIVATE PARTNERSHIP



Meet Minneapolis Approach to the TID

TIMELINE

2018

- Meet Minneapolis Board of Directors decided to support the hotel community in pursuing the formation of a TID.
- The idea was generated from area hotel general managers who have worked in markets where successful TIDs have been implemented.

2019

- City of Minneapolis advised the hotel community they needed state enabling legislation in ordered to form a TID.
- Meet Minneapolis and the GMHA along with other statewide communities began partnering on an approach to the legislation.
- Greater Minneapolis Hotel Association started discussions to begin educating hotel community.

2023

- In May 2023 enabling legislation was passed.
- Engaged CIVITAS Advisors to help guide and direct the legal process.
- Since June, a task force of Minneapolis hotel general managers have met with Meet Minneapolis staff on a bi-weekly basis to determine the details of a draft service plan.

TID Task Force Work and Recommendations

Draft Service Plan Parameters

- District Boundaries
- Management
- Term
- Administration
- Assessment Rate
- Use of Funds

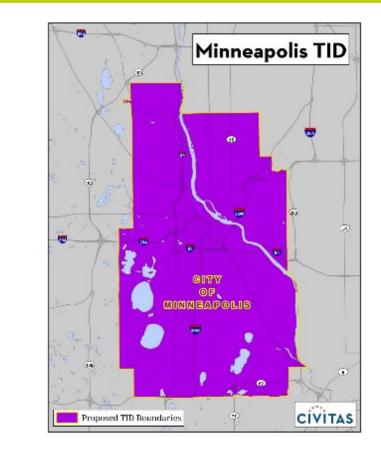


Draft Plan Parameters

District Boundaries



All hotels with 50 or more rooms will be part of the Minneapolis Tourism Improvement District



Management

- Minneapolis TID (MTID) will be managed by a nine-member governance committee comprised solely of hotel GMs paying the MTID assessment.
- The MTID committee will draft the plan of work to be executed by Meet Minneapolis.

The MTID committee will have full authority to manage matters related to the Minneapolis TID.

Assessment Rate

- 2% of gross hotel room revenue.
- The same exceptions are applied that currently are made for the lodging tax.
- Does not apply to Food and Beverage or any other revenue streams.
- Anticipated TID revenue is \$6m-\$7m annually.

COMPETITIVE SET TOTAL TAXES AND FEES (Feb 2024)

Destination	Bed Tax Amount	TID Assessment	Total Customer Charge*
Kansas City, MO	16.35% + \$3.00/night		18.37% (16.35% + \$3.00/night converted)
Chicago, IL	17.58%	Considering TID	17.58%
Louisville, KY	16.07%	1.5%	17.57%
Cincinnati, OH	17.50%		17.50%
Cleveland, OH	17.50%		17.50%
Columbus, OH	17.50%		17.40%
Minneapolis, MN	15.025%	2.0%	17.03%
Indianapolis, IN	17.00%		17.00%
St. Louis, MO	16.93%		16.93%
Denver, CO	14.75%	1.0%	15.75%
Milwaukee, WI	15.50%		15.50%
Minneapolis, MN	15.025%		15.03%
Detroit, MI	13.00%	2.0%	15.00%

Source: Civitas and US Travel Association "Lodging Levies: Rates and Allocations" Report. February 2024

ADDITIONAL CITIES TOTAL TAXES AND FEES (Feb 2024)

Destination*	Bed Tax Amount	TID Assessment	Total Customer Charge**
Atlanta, GA	16.00% + \$5.00/ night		19.36% (16.00% + \$5.00/night converted)
Memphis, TN	17.75%	\$2.00/night	19.09% (17.75+ \$2.00/night converted)
Seattle, WA	15.60%	\$4.00/night	18.29% (15.60% + \$4.00/night converted)
Omaha, NE	18.17%		18.17%
San Antonio TX	16.72%	1.25%	18.00%
Nashville, TN	17.93%		17.93%
Minneapolis, MN	15.025%	2.0%	17.03%
Houston, TX	17.00%		17.00%
Austin, TX	17.00%		17.00%
Boston, MA	14.95%	1.5%	16.45%
Portland, OR	13.00%	3.0%	16.00%
Salt Lake City, UT	13.82%	2.0%	15.82%
Minneapolis, MN	15.025%		15.03%

Source: Civitas and US Travel Association "Lodging Levies: Rates and Allocations" Report. February 2024

MINNESOTA CITIES TOTAL TAXES AND FEES (Feb 2024)

Destination*	Bed Tax Amount	TID Assessment	Total Customer Charge**
Minneapolis, MN	15.025%	2.0%	17.03%
Saint, Paul, MN	16.03%		16.03%
Bloomington, MN	16.03%		*16.03%
Rochester, MN	15.13%		15.13%
Minneapolis, MN	15.025%		15.03%
Duluth, MN	14.38%		14.38%
Saint Cloud, MN	12.63%		12.63%
Mankato, MN	10.88%		10.88%
Bemidji, MN	10.88%		10.88%

Source: Local government data. *Bloomington rate 4/1/24

Term

- The MTID will be formed for a 5-year period.
- After five years, the MTID may be renewed and/or modified if lodging business owners support continuing the district.

Administration

- Managed by Minneapolis TID (MTID) Committee.
- Meet Minneapolis executes the annual plan of work and acts as fiscal agent.
- Regular management meetings and monthly financial reports.
- Annual report and work plan approval required by city.

Use of Funds

- Marketing/PR 30%
- Special Projects, Activations - 25%
- Sales 35%
- Administration,
 Collections 5%
- Contingency, Reserve -5%

Marketing Overview

The marketing and public relations program will promote the destination for overnight visits.

The program will have the goal of increasing demand for overnight visitation and room night sales at assessed businesses.

STAFF

MARKETING & PR ACTIVITIES 30%

- Leverage public relations to support travel messaging, including familiarization trips and media hosting.
- Attendance at and hosting of professional industry conferences and affiliation events.
- Partnership with both local and state tourism organizations to target key domestic and international markets to increase overnight visitation.





PLAN YOUR STAY IN MINNEAPOLIS >>



MARKETING & PR ACTIVITIES 30%

- Develop NEW integrated marketing and communications campaign.
- Online marketing efforts, including social media to increase awareness and internet presence to drive overnight visitation and room sales.
- Print and online collateral promotional materials to promote the destination.

MARKETING & PR ACTIVITIES 30%

- Branding of the destination to ensure a consistent brand experience.
- Development of Return on Investment (ROI) analysis of district funds.
- Consumer research, market intelligence and opportunities to increase awareness and demand for overnight stays.



SPECIAL PROJECTS, ACTIVATIONS OVERVIEW 25%

A special projects and activation program will be utilized to sponsor and/or create special events or activations within the district.

SPECIAL PROJECTS, ACTIVATIONS OVERVIEW 25%

- Create experiences to drive leisure room nights to the destination during need periods.
- Support multi-day experiences that would support increased demand.
- Sustainability programs that offset impacts of tourist visitation within the destination.
- Research and/or programs deployed to improve the visitor experience and increase demand.





SPECIAL PROJECTS, ACTIVATIONS OVERVIEW 25%

Business support and advocacy activities designed to strengthen the local economy:

- Gathering and analyzing economic data.
- Providing information on opportunities and resources.
- Supporting new business development.
- Advocating for policies that would support the hospitality industry.
- Workforce development strategies that position the local hospitality industry as an attractive career option.

Sales Activities Overview 35% 000

Meet Minneapolis

- 0

A sales program to support site selection and attendee room night production. The sales program may be used for trade show attendance and to create signature events in key markets to promote the destination.

SALES ACTIVITIES OVERVIEW 35%

- Customer familiarization tours for targeted convention, meeting, event, and travel decision makers.
- Incentivizing conferences and meetings to book at the destination to increase overnight visitation.
- Participation in or hosting of trades shows and meetings-focused appointment events to engage directly with meeting planners and generate leads.





Sales Activities 35% Signature Experiences & Alliances

- Maximizing alliances with professional organizations that lead development for group business
- Develop Minneapolis signature experiences for the purpose of new domestic and international market development to generate new leads.
- Target campaigns for meetings market retention from state and regional corporations and associations to generate leads.





Meet Minneapolis

2,500 ATTENDEES

900 MEETING & EVENT PLANNERS

500 STATES REPRESENTED BY ATTENDEES FIRST-TIME MINNEAPOLIS VISITORS

Make waves. Create change. In Minneapolis.

Meet Minneapolis

-

0

0 -- · cont

AHY

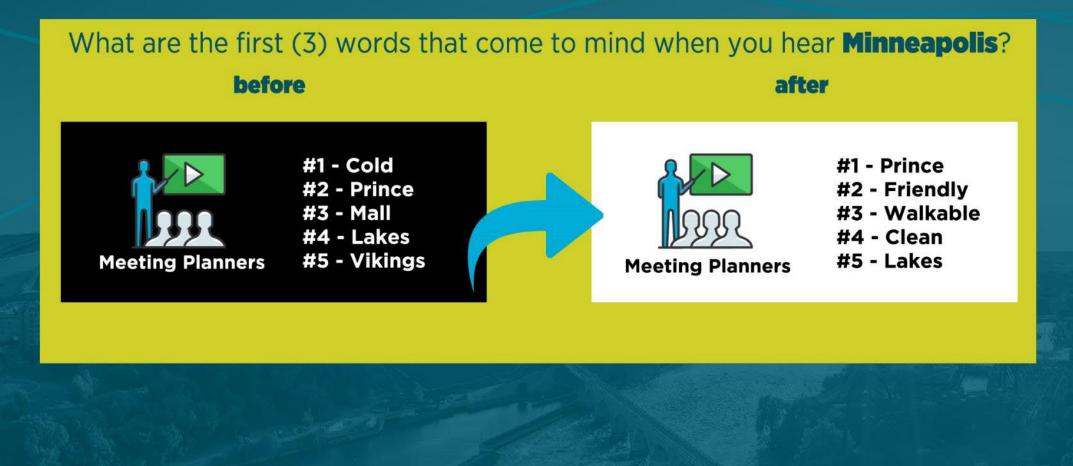
e 🎝

0

DESTIN FORT WALTON BEACI NNEAPOLIS RIENCES

TRANK

1.4.0





Administration/ Collections 5%

Administrative and operations budget shall be used for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees.

Collecting agency shall retain a predetermined percentage of the total assessments collected to cover collection and administration costs.

Contingency/ Reserve 5%

If there are contingency funds collected, they may be held in a reserve fund or utilized for other programs, administration, or renewal costs at the discretion of the TID Committee.

Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the MTID Committee.



DMO TID Case Studies



- In 2019 all hotel taxes went to city and state general fund or convention center, none came directly to tourism industry.
- \$600 million of tax revenue only \$10 million was allocated to state tourism office and 16 regional tourism councils.
- Boston-Cambridge formed a Tourism Destination Marketing District in 2021 and implemented a 1.5% TID assessment.
- Budget went from \$7.5 million to over \$40 million!
- TDMD Sales Activities as of Sept. 2022
 - 7 FAMS
 - 11 Trade Shows
 - 2 Advertising Initiatives
 - 6 Client Events
 - 6 Sponsorship Events

- TPID (Tourism Public Improvement District) formed in 2012, 2% assessment.
- Dallas was able to recover faster than other cities and the U.S. overall.
- Room revenue in 2022 surpassed 2019 revenue by 5.2%.
- Dallas TPID 2022 spending (total budget of \$17.4 million).
- DTPID Impact since 2011
 - +58.3% Direct Visitor Spending
 - +70.3% Annual Hotel Revenues
 - +19.2% Tourism Jobs
 - +22.6% Visitor Growth
- Percentage of opportunities won vs total opportunities
 - 15%- FY04-FY11 (pre DTPID)
 - 40%- FY12-FY22









- TID formed in 2017, 1% assessment.
- Revenue available for marketing only in 2024 is projected to be \$6.4 million.
- Revenue issued for Mile High Tree and Holiday campaign and other programs.
- Regional marketing campaign promotes 6-9 music, cultural and festival events each month.
- As of July 2023, total impressions for the regional media campaign is 77 million.

Next Steps

- Submit petitions totaling over 51% of hotels to City. (24 of 46 hotels in the city must vote YES for approval).
- If approved all properties are subject to the assessment.
- Charlie Carlson and Bill Deef have copies of the petition.
- Task Force Members will be reaching out to you.



City Approval Process

- Takes approximately two months for council review and passage.
- City council works on 2-week cycles, and approval will take 3 cycles if all goes well.
- 45-day appeal time frame.
- Ordinance goes into effect after appeal time frame.
- Start collections late summer 2024.

WE NEED YOUR SUPPORT!

Reach out to Michael Clark, Bill Deef, Charlie Carlson if you need more information or to discuss further.

Scan here for additional supporting documents:



A LAR AA