

TOURISM IMPROVEMENT DISTRICT PLAN

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I. OVERVIEW

Developed by Richmond region lodging business owners within the proposed Service Area and Richmond Metropolitan Convention and Visitors Bureau dba Richmond Region Tourism (RRT), the Tourism Improvement District (TID) is a special district proposed to provide specific benefits to payors by funding tourism promotion efforts for lodging businesses paying the TID business fee. In accordance with the requirements of the Tourism Improvement Districts Law (TID Law), Code of Virginia Title 15.2, Chapter 24, Article 3, the nonprofit corporation RRT is to be designated as the administering nonprofit to manage the TID. RRT and Richmond Region lodging businesses hereby request the formation of the TID for a ten (10) year term.

Location: The TID shall include all lodging businesses, existing and in the future, with forty-one (41) rooms or more located within the boundaries of the City of Richmond, as shown on the map in Section III.

Services: The TID is designed to provide specific benefits directly to payors by increasing awareness and demand for room night sales. Sales, marketing, promotions, and special events programs will increase demand for overnight tourism and market payors as visitor, meeting and event destinations, thereby increasing demand for room night sales. TID funds shall not be used for capital or infrastructure improvements.

Budget: The total TID annual fee budget for the initial year of its ten (10) year operation is anticipated to be approximately \$1,929,779. A similar budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do.

Cost: The annual fee rate is two percent (2%) of gross short-term room rental revenue to be paid monthly. Fees will not be collected on stays of more than thirty (30) consecutive days. Additionally, charges made directly to, and paid directly by, the federal government, are exempt from the fee.

Collection: The City of Richmond will collect the fee on a monthly basis from all lodging businesses paying the business fee and remit the collected funds to RRT on a monthly basis. It is intended that the business fee will be reported and collected in the same manner as transient occupancy taxes in the City of Richmond.

Duration: The TID shall have a term of ten (10) years, beginning July 1, 2023 through June 30, 2033.

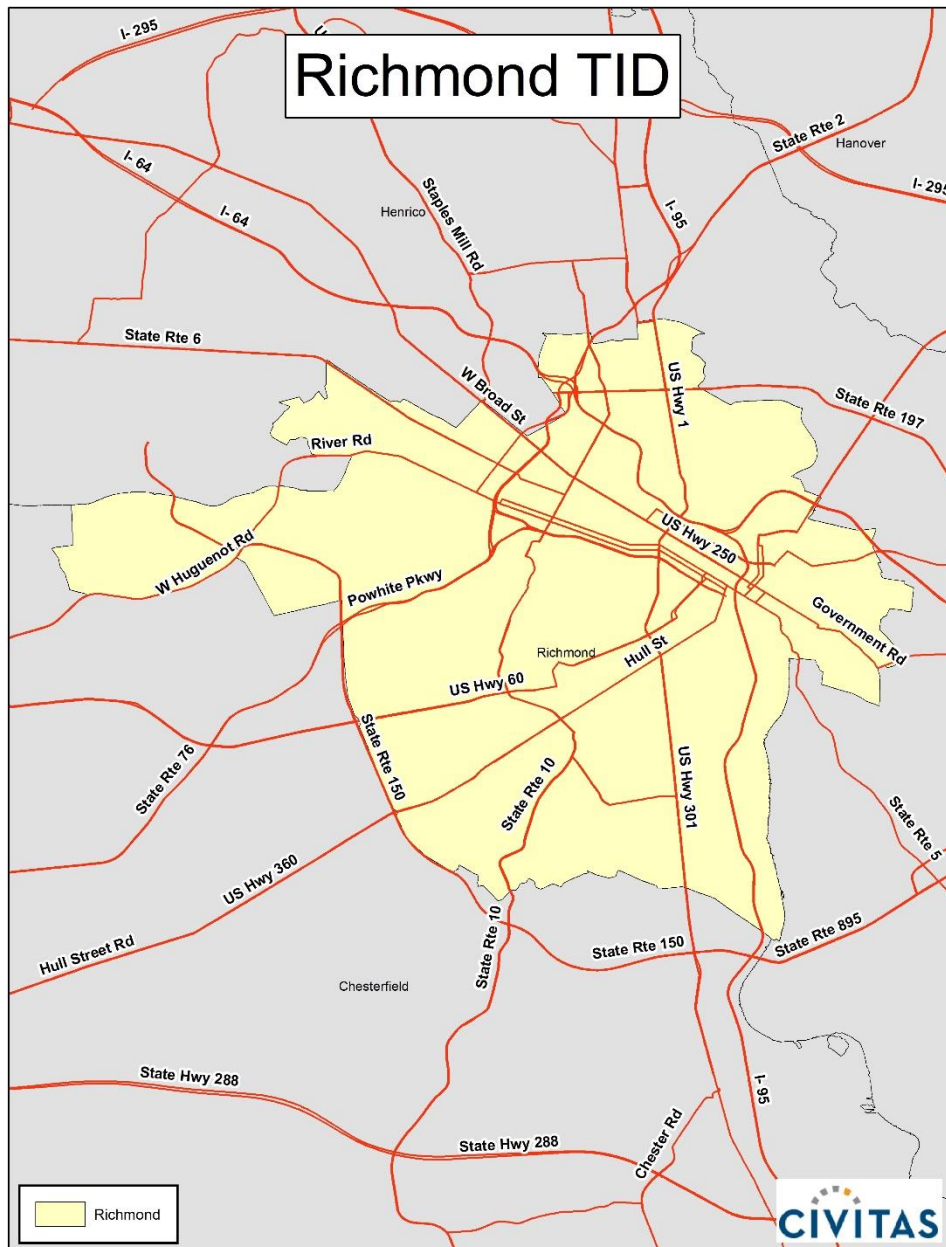
Management: The City Council has the right pursuant to Section 15.2-2413.10 of the TID Law to identify and contract with an administering nonprofit for the purpose of carrying out such activities as prescribed in the Plan. The City Council has determined that Richmond Region Tourism (RRT) shall be the administering nonprofit of the TID. RRT shall create a subcommittee (Governance Committee) tasked with overseeing programs and services of all TIDs in the region for which RRT is the administering non-profit.

II. SERVICE AREA

The service area of the TID, depicted in the map below, includes all lodging businesses, existing and in the future, with forty-one (41) rooms or more located within the boundaries of the City of Richmond.

Lodging business means: all businesses providing accommodations subject to transient occupancy taxes in the City of Richmond.

The boundary, as shown in the map below includes businesses paying the TID business fee.



III. TID PROGRAMS & SERVICES

The funds generated by the TID fee will be strategically deployed via a comprehensive and integrated sales and marketing program aimed at promoting the entire destination and maximizing overnight stays in lodging businesses paying the TID business fee. There will be a dedicated focus on securing single property meeting bookings, sports tourism, leisure tourism, luring large-scale signature events, and increasing visitor spend at lodging establishments. TID funds shall not be used for capital or infrastructure improvements. Specific programs and initiatives will include the following:

Sales, Marketing, Promotions, & Special Events

A strategic sales, marketing, promotions, and special events program will promote lodging businesses paying the TID business fee in the TID as a preferred leisure, meetings, visitor, sports and event destination with an overarching goal of driving increased overnight visitation to the benefit of the benefited businesses. The programming may include:

- Regional and national leisure, convention trade and sports tourism marketing programs inclusive of broadcast, digital, print and out-of-home channels, designed to increase awareness of and drive overnight traffic to the destination – in turn, benefitting the businesses paying the TID business fee through increased consumer demand.
- Public Relations programs that enhance the profile of the Richmond Region as a visitor, sports, meetings and events destination – in turn, benefitting the businesses paying the TID business fee through increased consumer demand.
- Sales, marketing and PR initiatives driving in-bound meetings, sports tournaments and leisure travel to the Richmond Region – in turn, benefitting the businesses paying the TID business fee through increased consumer demand and increased room night bookings.
- Dedicated funds to support incentives, hosting fees and other offsetting costs associated with securing strategic industry events, incremental group and convention business, high-profile sports tournaments and/or large-scale events for the destination that generate room nights for the businesses paying the TID business fee.
- Strategic partnerships, sponsorships, or other alliances that reinforce the Richmond Region as a destination of choice within the travel marketplace for meetings, events, sports tournaments and leisure travel – in turn, generating greater room night sales to the businesses paying the TID business fee.
- Associated costs for attendance at tradeshow, conferences, and professional industry/partner events to promote the destination and the businesses paying the TID business fee.
- Sales missions, site inspections and familiarization tours showcasing the destination and the lodging businesses paying the TID business fee.
- Preparation, production, mailing, and distribution of collateral promotional materials such as brochures, flyers, maps, and videos featuring businesses paying the TID business fee.
- Research on current and new markets that would result in additional room night sales to businesses paying the TID business fee and research efforts to measure and quantify the effectiveness of TID efforts.
- Development and maintenance of the equipment, website, digital design, and technology designed to promote the Richmond Region.

- Understanding that the proposed sales, marketing, promotions, and special events services are based on delivering enhanced and/or new programs and businesses opportunities, the sales and marketing portion of the budget may be used for new staffing costs.
- Dues for membership of the Virginia Restaurant Lodging Travel Association (VRLTA), which provides services, support, and content that will assist with destination brand awareness for lodging businesses paying the TID business fee.
- Provide consolidated business advocacy and programs for workforce development and training initiatives in the Richmond Region.

Administration

The administration portion of the budget shall be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees. Any unspent funds allocated to the administration budget shall be reallocated to the Contingency/Reserve budget at the end of the fiscal year.

Contingency/Reserves

The budget includes a contingency line item to account for uncollected business fees, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program or renewal costs at the discretion of RRT and the TID Governance 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 RRT Board of Directors with a recommendation of the Governance Committee. Contingency/reserve funds may be spent on TID programs or renewal costs in such proportions as determined by RRT. The reserve fund may be used for the costs of renewing the TID.

Each budget category includes all costs related to providing that service. For example, the sales, marketing, promotions, and special events program budget includes the cost of staff time dedicated to overseeing and implementing the sales, marketing, promotions, and special events program. Staff time dedicated purely to administrative tasks is allocated to the personnel and administrative portion of the budget.

IV. TID BUDGET

The TID is expected to have a first year budget of approximately \$1,929,779, based on the cost of programs detailed in Section III and the fee rate presented below. The cost of programs and services is the amount needed to make the City of Richmond competitive with other municipalities by driving overnight visitation and room night sales to lodging businesses paying the TID business fee. The costs of forming the TID shall be repaid to RRT from TID fee revenues. The proposed budget for the first fiscal year is shown in the chart below. Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the RRT Board of Directors, with recommendations from the Governance Committee, shall have the authority to adjust budget allocations between the categories by no more than twenty percent (20%) of the total budget per year, except that Administration may not exceed 10% of the total budget.

Budget Category	Budget Percentage	Budget Amount
Sales, Marketing, Promotions, & Special Events	60%	\$1,157,867
Administration	10%	\$192,978
Contingency/Reserves	30%	\$578,934

Total TID Budget	100%	\$1,929,779
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V. SOURCE OF FUNDS

It is anticipated that all of the activities identified in this Plan will be paid for via the TID business fee placed on eligible lodging businesses within the service area of the TID, as set by the RRT Board of Directors with recommendations from the Governance Committee. The initial annual fee rate is two percent (2%) of gross short-term room rental revenue to be paid monthly. The TID fee rate may be adjusted as detailed in Section VI.

VI. COST-SHARING FORMULA

A. BUSINESSES SUBJECT TO THE FEE

The initial fee rate is two percent (2%) of gross short-term room rental revenue to be paid monthly.

In the event of unforeseeable and unavoidable catastrophes that interrupt the expected course of events, and thus significantly prevents RRT and the Governance Committee from fulfilling the obligations set forth in this Plan, the fee rate may be decreased to zero percent (0%). Catastrophe may include, but is not limited to, pandemic, natural disasters, fires, floods, and other crises.

Fees will not be collected on stays of more than thirty (30) consecutive days, or any other transactions that are not subject to transient occupancy in the City of Richmond. Additionally, charges made directly to, and paid directly by, the federal government, are exempt from the from the fee.

All fees shall be remitted to RRT monthly by the City of Richmond as provided in the ordinance forming the TID. The fee is levied upon and is a direct obligation of the business paying the fee. However, the business may, at its discretion, pass the fee on to guests. The amount of the fee, if passed on to each guest, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each guest shall receive a receipt for payment from the business paying the TID business fee. The fee shall be disclosed as the "TID Fee".

B. METHOD OF CALCULATING A MAJORITY SHARE

The weighting methodology for calculating a majority share of benefited businesses for the district is based on a cumulation of room count, occupancy rate, and Average Daily Rate. This methodology can be supplemented by referencing historical transient lodging tax data to ensure accuracy in determining a majority share of benefitting businesses.

C. ROLLOVER FUNDS

Any and all unused fee funds collected during a year may be rolled over to the subsequent year to be used for programs detailed in Section III. All funds not expended for programs during the TID's ten (10) year term shall be refunded to the owners of businesses paying the TID business fee by applying the same method and basis that was used to calculate the fee. If the TID is renewed, any remaining funds from the TID shall be transferred to the renewed TID. In the event of dissolution of the TID, any remaining revenues, after all outstanding debts are paid, derived from the charge of fees, or derived from the sale of assets acquired with the revenues, shall be appropriated for the purposes of this Plan, or shall be refunded to the businesses that are charged a fee by applying the same method and basis that was used to determine the TID fees that were charged, pursuant to all provisions of Section 15.2-

2413.11 of the TID Law.

D. COLLECTIONS/PENALTIES

Each fee authorized pursuant to the ordinance establishing the TID is collectable in the same manner as the transient occupancy tax in the City of Richmond. The City of Richmond will collect the fee on a monthly basis from each lodging business paying the TID business fee located in the boundaries of the TID and will pursue collections of all delinquencies, including all applicable penalties and interests on any delinquency. Penalties and interest will be applied in the same manner as provided for transient occupancy taxes in the City of Richmond.

VII. TIME FOR COMPLETION OF ALL PROPOSED PROGRAMS AND SERVICES

All programs and services identified in this Plan will commence during the first year of TID activity and continue on an ongoing basis for the ten (10) year term of the TID.

VIII. TID MANAGEMENT

The City Council, through adoption of an ordinance establishing a TID, has the right pursuant to Section 15.2-2413.10 of the TID Law, to identify and contract with an administering nonprofit for the purpose of carrying out such activities as prescribed in the Plan. The administering nonprofit may make recommendations to the locality with respect to any matter involving or relating to TID. Richmond Region Tourism (RRT) has been identified as the administering nonprofit of the TID. RRT shall create a Governance Committee, a subcommittee of the RRT Board, to oversee the TID programs. The Governance Committee shall be responsible for determining the management of TID funds and expenditures. RRT is responsible for submitting a financial and marketing plan for TID services and expenditures, which will be submitted to the Governance Committee for approval. Once approved by the Governance Committee, the financial and marketing plan shall be submitted to the RRT Board for final approval and executed by RRT staff.

RRT will submit audited annual financial reports to the City Council no later than 180 days after the end of the RRT fiscal year. Additionally, the RRT will submit a quarterly report to the City Council on the uses of TID revenue within the Richmond region. RRT will make both reports available for inspection upon request by lodging businesses charged with the business fee.

IX. EXISTING SERVICES

Pursuant to Section 15.2-2413.6(B) of the TID Law, no funds generated by the TID shall be used by the City of Richmond for any purposes other than funding the expenses of the TID. The City of Richmond will be responsible for maintaining the same level of publicly funded tourism promotion services within the TID during its duration as a tourism improvement district as before its establishment as a tourism improvement district. RRT currently provides such programs from funding provided by the City of Richmond. The rate of funding for these programs will not be reduced during the term of TID, subject to appropriation by the City Council.

X. AGREEMENT BETWEEN THE CITY OF RICHMOND AND RRT WITH RESPECT TO THE TID

Pursuant to Section 15.2-2413.10 of the TID Law, the City of Richmond may contract with an administering nonprofit for the purposes of carrying out activities described in the Plan. The administering nonprofit may make recommendations to the City of Richmond with respect to any matter involving or relating to the TID.

XI. AMENDMENT TO PLAN

At any time after the establishment of the TID, the Plan upon which the establishment based, may, upon the recommendation of the administering nonprofit in coordination with participating jurisdiction staff, be amended by the City of Richmond after compliance with the procedures set forth in Section 15.2-2413.7 of the TID Law.

XII. TERMINATION OF THE TID

Pursuant to Section 15.2-2413.11 of the TID Law, the TID may be dissolved by a majority vote of the **City Council**. The TID may be dissolved if the locality determines there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the TID. In the event of dissolution of the TID, any remaining revenues, after all outstanding debts are paid shall be appropriated or refunded according to the procedures outlined in Section VI (C) of this Plan, pursuant to Section 15.2-2413.11 of the TID Law.

During the operation of the TID, there shall be a 30-day period each year in which owners of benefited businesses may request dissolution of the TID. The first such period shall begin one year after the date of establishment of the TID and shall continue for 30 days. The next such 30-day period shall begin two (2) years after the date of the establishment of the TID. Each successive year of operation of the TID shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of businesses in the TID who pay 50 percent (50%) or more of the fees charged, the **City of Richmond** may by majority vote of the **City Council** dissolve the TID.

Exhibit 1: TID Boundary Map

