



## Tourism Business Improvement District Frequently Asked Questions (FAQs) July 3, 2013

### What is a Tourism Business Improvement District?

A Tourism Business Improvement District (TBID) is an organization of businesses who work together to bring more visitors to their destination, especially during slower times of the year.

### Are there other similar districts throughout California?

Yes. There are now 79 successful TBIDs throughout the State of California. These districts are also called Tourism Marketing Districts (TMDs) and Tourism Improvement Districts (TIDs).

### Why put a TBID in place in Mammoth Lakes?

The Mammoth Lakes community has one primary industry, tourism. More than 73% of the Town of Mammoth Lakes' general fund (operating budget) comes from Transient Occupancy Tax (TOT) and Sales Tax. With competition from other vacation destinations within CA and beyond, it is imperative we have a collaborative marketing effort that includes all stakeholders to see Mammoth Lakes grow. There are 79 TIDs in the State of California. The failure of Mammoth Lakes to form a TID will mean that Mammoth Lakes is at a competitive disadvantage to 79 other districts vying for tourist dollars. Not putting the MLTBID in place will mean that Mammoth Lakes will lose visitors to other destinations, and will therefore have a long term, devastating impact.

### Isn't Mammoth Lakes a well enough known destination that we don't need marketing?

Competition for destination visitors is very strong. Many of our competitors already have additional funding available from TBIDs that they are using against us to draw potential visitors from Mammoth Lakes, to their destinations. Southern California is one of the most expensive markets in the country to advertise and Mammoth Lakes has lost market share by not having enough marketing.

### What are the details of the proposed Mammoth Lakes TBID assessment?

The TBID will include all lodging, restaurants, retail and Mammoth Mountain lift and ski school sales.

#### **Tier 1**

1.0%	Lodging	(Approx. Est.	\$800,000)
1.5%	Retail	(Approx. Est.	\$1,350,000)
1.5%	Restaurant	(Approx. Est.	\$750,000)
2.0%	MMSA Lift tickets and ski school	(Approx. Est.	\$1,800,000)

**Tier 2** Businesses with gross annual revenues of \$50,000 - \$150,000 OR that can show that more than 50% of their business is local will be assessed a once annual \$500

**Tier 3** Businesses with gross annual revenues \$49,999 and less will be assessed a once annual \$50

The estimated annual budget from the TBID is approximately \$4.7m.

**Won't the additional assessments drive our customers away?**

Most of our visitors come from Southern California and are used to paying similar rates to those proposed in the TBID as outlined above. Experience in other resort destinations has been that there has been very little pushback on the assessments and in fact sizable increases in visitors and revenues have been seen in those destinations.

**Who is going to manage the TBID funds?**

The Mammoth Lakes Tourism organization will administer the TBID funds as overseen and directed by the Mammoth Lakes Tourism Board of Directors, which will be comprised of lodging, retail, and restaurant owners/managers. The number of people on the Board of Directors will likely grow from 7 to 9 members.

**How will the funds be spent?**

The funds will be spent as outlined in the Management District Plan. The majority of the funding will be spent on marketing and sales efforts to bring people to Mammoth Lakes during slower times of the year (midweek winter, spring and fall shoulder seasons and summer).

**Will Mammoth Mountain Ski Area still maintain a strong marketing budget to complement the TBID?**

Mammoth Mountain has consistently grown its marketing budget from roughly \$5.8M in FY 2006 to an estimated budget of \$10m for FY 2014. Mammoth Mountain will also participate in all categories (lodging, restaurant, retail and ski lift tickets) of the TBID. Mammoth Mountain businesses are expected to contribute between \$2.5m and \$3m of the total funds for TBID marketing.

**Won't TBID funds be used to make airfare for tourists cheaper?**

No, airfare rates will not change but in order for us to have air service in Mammoth Lakes the airlines require a minimum revenue guarantee to provide the service – without this MRG, or subsidy, the airlines would not provide service. Air service accounts for more than \$40m in direct spending at Mammoth Lakes businesses annually.

**Are Von's and Rite Aid included?**

Von's and Rite Aid as well as any other "grocery" stores are included on taxable items only. Bread, milk, cheese, eggs, vegetables etc will not be assessed.

**What are the benefits of creating a TBID in Mammoth Lakes?**

1. It will allow Mammoth Lakes to be competitive with other vacation destinations. Over 79 successful TBIDS have been formed throughout CA, including destinations such as San Francisco and San Diego.
2. It will create a secure tourism marketing funding source outside of government control.
3. It will create tourism-related jobs in Mammoth Lakes.
4. It will improve the economic development opportunities for Mammoth Lakes
5. It will increase Transient Occupancy Taxes (TOT) for the Town of Mammoth Lakes.
6. It will increase sales tax revenues to the Town of Mammoth Lakes.
7. It will increase overall direct visitor spending at assessed businesses in Mammoth Lakes.

**For more information or to ask specific TBID questions please contact John Urdi at:**

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