



**MEMO TO** : Trustee Bernie Dudek, Chairperson, and  
Members of the Community Promotion & Tourism Committee

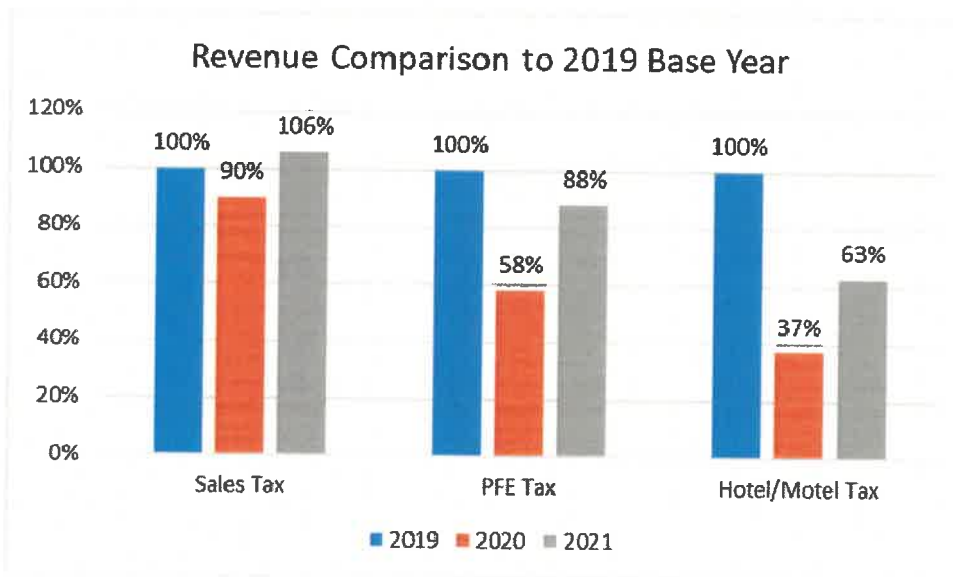
**FROM** : Scott R. Niehaus *SRN*  
Village Manager

Nicole Aranas  
Assistant Village Manager

**DATE** : March 31, 2022

**SUBJECT** : **BRAINSTORM DISCUSSION FOR HOTEL INDUSTRY ASSISTANCE**

As you are aware, the Village has set aside \$300,000 in the FY 2022 budget to assist local hotels in their efforts to generate new business as they recover from the impacts of the COVID pandemic. While the other major business segments of the economy have rebounded back or exceed their pre-COVID levels, the hospitality and tourism industry is still lagging far behind. To see this graphically, please see the bar graphs below based upon Village revenue data from 2019 through 2021.



As noted, the hotel/motel revenue still only performed at 63% percent of its 2019 numbers. In addition, there is concern that since corporate business has adjusted to new forms of meetings and interaction, that the long term forecast for hotel usage will be severely impacted due to reduced business travel. While not all hotels in Lombard focus on this segment, some of its largest properties certainly do and are feeling the impact.

Since the Village budget was approved in December, Village staff has had preliminary conversations with local hotels to identify potential ways to assist them through the use of the funds budgeted. In addition, staff has looked at other initiatives from Village departments in terms of physical improvements or services that would benefit them as they recover. In addition, Beth Marchetti at the DCVB has and continues to be a resource of examples, best practices and industry trends.

While nothing firm has been identified, provided below are some initial thoughts for consideration and discussion by the Community Promotion and Tourism Committee. Please keep in mind that the preferred method of disbursing the funds would be to establish a policy-guidelines to ensure that the funds are being used to attract business as opposed to simply addressing existing/ongoing operational expenses of hotel properties. In addition, the Village is desirous of making sure that all hotels have fair access to request funding even though it is recognized that some may not apply for various reasons.

#### POSSIBLE CONCEPTS

**Provide Additional Funding to the DCVB Grant Program** – Starting in 2015, the DCVB launched a program where local municipalities could provide funds that would be made available to hotels in their town to help secure new business. A summary of the policy and past usage is attached. Per the DCVB, the number of inquiries into this program is starting to pick up. While the full amount of the \$25,000 in annual funding from the Village has not been tapped into in previous years, it is possible that the number of applications may exceed this in the near future. Providing additional funding to this pool (which is administered via DCVB) could be a viable option. In addition, the current policy **ONLY APPLIES TO NEW BUSINESS**. If we wanted to provide funding to be used for repeat business due to the impact of COVID, we could also discuss that concept.

**Capital Improvements/Purchases by Hotels that Expand Their Service Levels or Capacity** – We have heard from some hotels that the investment in equipment purchases or rentals may be of benefit. For example, the Westin Hotel has looked at rental of tents/equipment to support outdoor weddings for the next 2 years due to a back log of weddings. We have also heard that some hotels are considering “pop up” type food and beverage stations in their buildings to sell different items to their guests in an effort to increase their “Food and Beverage” revenues by keeping people on property.

**Give-away Subsidies** - Many hotels are trying to attract business by providing free giveaways to their guests or they are being required to provide them to “member guests” through corporate status membership. For most properties, they essentially have to pay for the items but have no

method to recoup revenue. One option would be for the Village to subsidize these expenses so that hotels could market the benefit without having to pay for it on their bottom line. In exchange, the Village may wish to seek to provide marketing information that informs the guests of Lombard based businesses that they may wish to patronize during their stay.

**Voucher Program** – Please see attached article regarding Redmond, Washington and the use of vouchers for hotel guests. While not a direct subsidy of the hotels, it does create a potential perk or benefit that can be marketed to guests. This would have some administrative challenges as we would need to identify businesses that would want to participate in the program and provide us paperwork in order to be made whole. A different approach would be to provide prepaid cards to the hotels for general use and not have to track it. However, this may simply result in the guest using the benefit to pay down their hotel bill.

**Direct Hotel Survey** – It may be worthwhile to craft a survey tool that could be sent to each hotel in an effort to simply ask them what types of programs, services or funding would benefit them in attracting more business. Rather than an open-ended document, some structure would be offered to have some consistency and guidance in the responses received. Again, a direct sharing of funds may not be desired as hotels would then be capable of spending the money on regular operations as opposed to more overnight stays. If a survey instrument is considered too cumbersome or time consuming, a group hotel meeting or individual visit/ phone call may also substitute.

## BRAINSTORMING

Beyond the above noted ideas, we are seeking free and open discussion by the Community Promotion and Tourism Committee to identify other ideas for consideration. While the members of the committee may not all be in the hotel industry, undoubtedly everyone has stayed in a hotel and has their own “guest experience” profile that can help inform them on what items have value and make an impact on their decision to stay at certain properties.

SN:cb

Attachments

Sn tourism committee memo 03302022



## DuPage Convention & Visitors Bureau Hotel/Community Grant Fund

### **Program Description:**

The DuPage Convention & Visitors Bureau's Grant Program was created to help the communities of DuPage County and **member hotels** bring new meetings, conferences and sports group business to member hotel properties, thereby increasing hotel tax collections and economic impact for the state and DuPage communities. The DuPage CVB will award incentives to groups by way of matching financial grants from municipalities and the DCVB.

Funds must be obligated in the current year but will be expended only after the conclusion of the group's meeting or event, and room nights have been consumed. Eligibility will be determined by the executive director, the director of sales of the DuPage CVB and the communities' village or city manager once the application has been submitted by the hotel.

Member hotels must be in good standing with the DuPage CVB at the time of commitment, as well as the time of actualized rooms. If not, full payment for the incentive fund becomes the responsibility of the municipality involved. All municipalities in DuPage are eligible to participate. Communities that do not financially support the DuPage CVB will be assessed a \$150 administration fee per actualized lead.

### **Guidelines:**

1. This program is available for meetings, conferences or tournaments booked by an organization in a member property.
2. Grants may be awarded to groups with business previously bid on, but not previously booked.
3. The intent of this program is to bring large-group room nights of 150 or more; however, smaller groups may be considered based on the application, needs, season, etc.
4. Grant award will be based upon the quality of the piece of business and its benefits to the community.
5. Since rapid response time to a meeting planner's request for proposal (RFP) is crucial to win business - often within 24 hours to remain competitive - the DuPage CVB will review and approve the incentive request within one day business day. The DuPage CVB will immediately communicate with the qualifying village or city manager and subsequently supply them with a copy of the lead and any additional documentation.
6. This incentive can be offered for leads received by the DuPage CVB that are designated for DuPage County member hotels or for tournaments that impact DuPage County hotels. Facilities or hotels may also apply with leads that were sent to them directly.
7. If a grant is awarded, the lead is to be treated as booked business and claimed by the DuPage CVB.

**DUPAGE** COUNTY  
CONVENTION & VISITORS BUREAU

8. The following group market segments are eligible for funding: corporate (based outside of the DuPage County region), association (state regional or national), fraternal, hobby/niche, non-profit, religious, or sports (held onsite within DuPage County).
9. Social events (family/class reunions, weddings and other social groups), local corporate-based groups, and local sports teams are not eligible to receive financial support from the county or DuPage CVB. However, exceptions may be considered on a case-by-case basis with communication from the village manager.

**Logo/Tagline Requirements:**

1. Compliance to Illinois Office of Tourism's Local Tourism Convention Bureau (LTCB) state grant rules and regulations is required, including logo placement, correct use of graphics, and inclusion of DuPage CVB and municipality logos on collateral materials and signage.

**Financials:**

1. In order to participate in this program, a municipality must agree to provide a dedicated funding amount in writing via promissory note to the DuPage CVB. The DuPage CVB will provide communication and reporting on all group incentives used, number of rooms actualized, and amount of economic impact generated to village or city officials.
2. The DuPage CVB requires all hotels or venues to complete the online Grant Form application in order to be considered for funding.
3. The meeting name, date(s), number of attendees, room block pattern and contact name(s) must be provided to the DuPage CVB for its records. The DuPage CVB will not release information about the grantee to other hotels.
4. All copies of signed contracts, grant application, checks, reports of consumed room nights, economic impact and any other financial documents will be sent to the community for their records.
5. Payment for this program will not be made until the end of the event, minimum room nights are actualized, and confirmation is received by all parties.
6. Payment will be made directly to the group by the DuPage Convention & Visitors Bureau once the required post-event paperwork is finalized and funds have been received by the DuPage CVB from participating communities' finance departments.
7. No more than \$10,000.00 will be paid to any one group by the DuPage CVB in any one fiscal year. Once the DuPage CVB portion is expended, 100% of any additional funding must come from a participating community and county.
8. This program is dependent upon the DuPage CVB's receipt of its Local Tourism and Convention Bureau (LTCB) grant funding and will be in lieu of any other previously agreed upon bureau spending on the event.

**DuPage Communities:** Addison, Aurora, Bartlett, Batavia, Bensenville, Bloomingdale, Bolingbrook, Burr Ridge, Carol Stream, Clarendon Hills, Darien, Downers Grove, Elk Grove Village, Elmhurst, Glen Ellyn, Glendale Heights, Hanover Park, Hinsdale, Itasca, Lemont, Lisle, Lombard, Naperville, Oak Brook, Oakbrook Terrace, Roselle, Schaumburg, St. Charles, Villa Park, Warrenville, Wayne, West Chicago, Westmont, Wheaton, Willowbrook, Winfield, Wood Dale, Woodridge.

## DCVB Matching Municipal Grant Program FY16

Village/City	Fiscal Year	Event Name	Hotel/Member	Grant Amount	DCVB Portion	Village Portion	Room Nights	Economic Impact
Lombard	FY16	Sports	Westin Lombard	\$ 20,000	\$ 2,000	\$ 9,615	3,406	\$ 3,882,840
		<b>TOTAL</b>		<b>\$ 20,000</b>	<b>\$ 2,000</b>	<b>\$ 9,615</b>	<b>3,406</b>	<b>\$ 3,882,840</b>
Lombard	FY17	Sports	Westin Lombard	\$5,000	\$ 3,750	\$1,250	450	\$513,000
		Religious	Westin Lombard	\$2,500	\$ 1,250	\$ 811	811	\$784,035
		<b>TOTAL</b>		<b>\$7,500</b>	<b>\$5,000</b>	<b>\$2,500</b>	<b>1,261</b>	<b>\$1,297,035</b>
Lombard	FY18	Religious	Westin Lombard	\$ 1,875	\$ -	\$ 1,875	825	\$ 814,492
		Association	Westin Lombard	\$ 1,000	\$ 500	\$ 500	350	\$ 481,250
		Billed Lombard - \$500.00 3/12/18 Inv # 3675						
		Fraternl	Westin Lombard	\$ 900	\$ 450	\$ 450	303	\$ 299,663
		Billed Lombard - 4/30/18 \$367.50 INV# 3700						
		Association	Westin Lombard	\$ 3,700	\$ 1,850	\$ 1,850	1,239	\$ 1,217,317
		Billed Lombard \$1859.00 7/19/18 Inv 3750						
		<b>TOTAL</b>		<b>\$ 7,475</b>	<b>\$ 2,800</b>	<b>\$ 4,675</b>	<b>2,717</b>	<b>\$ 2,822,722</b>
Lombard	FY19	Association	Westin Lombard	\$ 1,000	\$ 500	\$ 500	350	\$ 481,250
		Billed Lombard \$500.00 2/7/19 Inv. 4023						
		Hobby	Westin Lombard	\$ 3,000	\$ 650	\$ 650	665	\$ 653,362
		Billed Lombard \$865.50 2/20/19; Inv 4037						
		Sports	Westin Lombard	\$ 2,850	\$ 1,425	\$ 1,425	850	\$ 1,113,500
		Billed Lombard \$1425.00 4/22/19; Inv. 4071						
		Hobby	Westin Lombard	\$ 3,500	\$ -	\$ 3,500	1,422	\$ 1,459,012
		Billed Lombard \$500.00 3/24/19 Inv 4097						
		Military	Westin Lombard	\$ 2,000	\$ 1,000	\$ 1,000	897	\$ 979,553
		Billed Lombard \$798.00 10/31/18 Inv. 3824						
		Military	Westin Lombard	\$ 6,000	\$ 3,000	\$ 3,000	1,101	\$ 933,375
		Billed Lombard \$3000.00 9/6/18 Inv 3772						
		Association	Westin Lombard	\$ 8,500	\$ 4,250	\$ 4,250	1,481	\$ 1,630,950
		Billed Lombard \$4250.00 10/31/18 Inv. 3822						
		Corporate	Embassy Suites	\$ 1,000	\$ 500	\$ 500	50	\$ 49,125
		Billed Lombard \$500.00 10/31/18 Inv. 3823						
		<b>TOTAL</b>		<b>\$ 27,850</b>	<b>\$ 12,194</b>	<b>\$ 15,694</b>	<b>7,495</b>	<b>\$ 7,310,127</b>
Lombard	FY20	Fraternl	Westin Lombard	\$ 900	\$ 450	\$ 450	1,091	\$ 1,071,907.00
		Billed Lombard \$449.97 Inv 4136 8/1/19						
		Religious	Westin/Lombard	\$ 10,000	\$ 5,000	\$ 5,000	1,908	\$ 1,791,087.00
		Billed Lombard \$3,940.00 Inv 4158 9/15/19						
		Association	Westin Lombard	\$ 3,000	\$ 1,000	\$ 1,000	1,360	\$ 1,348,973.00
		Billed Lombard \$1425.00 Inv 4189 10/31/2019						
		Corporate	Westin/Lombard	\$ 1,450	\$ 725	\$ 725	725	\$ 712,312.00
		Billed Lombard \$703.00 Inv 4188 10/31/2019						







US news

## If you pay them, they will come: the US city giving tourists cash to visit

Redmond, Washington, saw visitor numbers plummet when the pandemic struck but its novel response is a hit

**Hallie Golden** in Seattle

Fri 9 Apr 2021 05.00 EDT

**M**icrosoft's hometown of Redmond, Washington, has turned to a very straightforward technique to jumpstart tourism more than a year after Covid-19 struck and the corporate travel it had come to rely on, dried up - pay people to visit.

The small city just east of Seattle is home to Microsoft's headquarters, along with such companies as Nintendo of America, the aerospace company SpaceX and Facebook.

So, on 4 March 2020, when Microsoft recommended its tens of thousands of employees in the city work remotely and other local companies followed suit, the impact radiated across local businesses, particularly the hotel industry,



explained Peter Klauser, Experience Redmond tourism manager.

“The hotels went from 65% to 85% occupancy range, down to single digits. So, you know, 6% or 9%,” he said. “There were times when one hotel might have even had just one guest in the entire hotel.”

Months later, when the situation remained largely unchanged, Klauser was brainstorming creative solutions to attract visitors back to the city when he joked to colleagues: “Why don’t we just give them the money, you know, pay them, give them some cash.”

The idea sparked “You Stay, We Pay”, a program launched late last month, which involves awarding the first 500 visitors who stay two or more nights at a participating hotel \$100 worth of the community currency, “Geek Out Gold”.

Nor is Redmond alone. After tourism-reliant cities across the US saw their economies pummeled by the pandemic and resulting shutdowns, others too have turned to this type of financial incentive program to usher in a fresh wave of socially distanced visitors.

Glenwood Springs, Colorado, for example, a resort community 40 miles north-west of Aspen, is home to about 10,000 people and typically see’s 1.5 million visitors a year. But after its hotels were shuttered to non-essential travel last April and its hot springs closed for months over the summer, the town started offering \$100 in Glenwood Gold certificates to visitors who booked hotel rooms.

Lisa Langer, director of tourism promotion at Visit Glenwood Springs, said while the program, which was launched last year in June, never brought them back to normal visitation levels, it did serve as an important - though temporary - “Band-Aid”.

“That energized us and kept us going through a very tough time,” she told the Guardian. “But now I feel like we are on the right track and we’re going to come back strong. I’m not as worried as I was last year at this time.”

Santa Maria Valley, in central California, created a similar program in February, presenting the first 500 visitors who booked at least a two-night stay in one of its hotels, with a \$100 Visa gift card. The community known for BBQ and wineries, sold out in two days, and then saw 2,543 additional people sign up on its waitlist, according

to Jennifer Harrison, tourism director of Visit Santa Maria Valley.

She attributed the success not just to the financial incentive, but also the timing (“people were ready to travel,” she said) and the community’s clear commitment to social distancing and masks as thousands of masks were provided to local hotels for workers and guests. And now, after the program has officially wrapped up, it’s continuing to have an impact.

“We’re still seeing the results of the future reservations for it. We’ve had a huge substantial uptick in engagement on our social platforms. I mean, it’s just been across the board a big win for us,” she said.

In Redmond, Klauser said, the program initially faced some challenges with simply getting local merchants to agree to be a part of it. While some immediately took to the idea, others were unsure about visitors paying with certificates or didn’t feel like they had the time to sign up.

In the end, they were able to get about 50 merchants on board, including restaurants, fitness facilities, salons, bookstores, pet supply stores and even the local shipping store Pony Express, he said. Officials then used funds from the city’s 1% lodging tax that was meant for event grants but had gone largely unused the previous year for the program’s \$50,000-worth of incentives.

Klauser said less than two weeks after the program launched, they had booked 750 of the anticipated 1,000-room nights and awarded more than \$30,000 to visitors.



📍 Redmond, Washington, is home to Microsoft's head office. Photograph: Ian Dagnall / Alamy/Alamy

“The anecdotal story from the hoteliers this week is that their phones are ringing off the hook, and that people are super excited,” explained Klauser. “You know, they’re getting more reservations than they’ve seen in well over a year. And so, it’s been highly positive on all sides.”

But, he clarified, the program will not get in the way of any Covid safety restrictions. He explained that the offer will not change anything about hotels continuing to follow local and national safety protocols, such as caps on capacity and social distancing.

On 22 March, Microsoft announced it would be reopening its campus in Redmond to employees, which Klauser considers great news for the city. But he doesn’t see the change having a particularly noticeable impact anytime soon.

In fact, he’s already looking into launching a second installment of the incentive program after this one wraps up.

“This was intended to be a shot in the arm, a short-term tourism stimulation program,”

he said. “But the momentum has been so great that we want to try to keep it going for a little longer if we can so that’s why we’re exploring options for a future phase of this.”

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