

# DESTINATION O'FALLON

## How an Illinois city became a hot spot for recreational tourism

By Walter Denton and Grant Litteken

Promoting tourism is easy for some communities. Oceans, mountains, and historic landmarks have their own natural appeal. How do local governments attract visitors without these types of attractions?

The city of O'Fallon, Illinois (a St. Louis suburb with 30,400 population) used its central location and high-quality-of-life ethic to create an economic development engine built around recreational tourism. Each year, thousands of soccer, baseball, softball, and lacrosse teams travel to O'Fallon to compete in regional and national tournaments.

The players on those teams, along with their parents and sometimes extended families, stay in O'Fallon hotels, eat in O'Fallon restaurants, and shop in O'Fallon stores. Economic impact studies estimate that families staying overnight in O'Fallon spend an average of \$136 per day, which translates into \$5.1 million in economic impact each year.

O'Fallon plans to double that total impact with the completion of "Destination O'Fallon." The city launched this in 2016, its most ambitious project to date. It is an economic development initiative that is an investment in the community

and intended to spur economic growth, to support youth and families in a truly positive way, and to help the city realize its vision for a successful and prosperous community.

Destination O'Fallon included a number of projects and community-wide investments intended to make it a national destination. Two of the largest projects include a state-of-the-art, multi-sports complex in O'Fallon's existing Family Sports Park and a new multi-purpose community plaza in the heart of downtown.

### Finding Funding

Proposing a progressive idea without a way to pay for it is a death sentence for any project. So, first and foremost, the city had to find a funding source for its vision.

Any effort to raise funds through property tax would surely be followed by city leaders being chased out of town. This is especially true in Illinois, which has the second highest property taxes in the country—nearly double the national average.

An increase in sales tax could cause a decrease in retail growth and would be a counterproductive economic development strategy. O'Fallon leaders knew the importance of reinvesting in the growth of the community and quickly concluded that most traditional funding sources would be prohibitive, besides one: the hotel occupancy tax.

The idea was not revolutionary, but it was bold. The city asked hotels to

support a 4 percent increase in the hotel operators' occupancy tax, which is a tax on overnight hotel bookings. The logic for this tax was based on the premise that the money collected will be used to promote economic development.

Economic development, in turn, would result in additional business for the hotel and lodging industry. Economic development that increases hotel use and lodging plus attracts visitors to a community is tourism.

When the foundation of this tourism rests upon parks, recreation, and sports, it is "recreational tourism." O'Fallon's local hotels recognized the potential and supported the project.

### Increasing the Hotel/Motel Tax

In November 2016, councilmembers voted to increase O'Fallon's hotel occupancy tax rate from 5 percent to 9 percent to cover payment of multiple construction projects for the comprehensive plan's outline, which has the goal of attracting more visitors and businesses.

The plan was full-circle economic development, using hotel tax revenue from out-of-town visitors to fund economic development infrastructure, which results in higher use of hotels. Prior to Destination O'Fallon, hotel use in O'Fallon was approximately 163,000 room stays per year, resulting in approximately \$16.3 million revenue for hotels. The 5 percent hotel/motel tax meant \$815,000 in tax revenue for the city.

These figures are based on the average for a night's stay at \$100, before taxes



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and fees, an amount typical for O'Fallon hotels. By increasing the tax, the city stood to gain an additional \$652,000 in tax revenue annually. The city used this additional revenue to fund the \$9.5 million bond needed to pay for the project.

The city also budgeted and structured the finances conservatively, basing the increased revenue on only the increase of the tax rate and not on an increase in hotel room usage. Any growth in hotel usage would result in further increased revenue that would not be earmarked for retiring debt. In other words, more heads in beds means more revenue for city use.

### **A New Family Sports Park**

The most impactful project would be in the O'Fallon Family Sports Park. The city proposed to convert its existing natural grass soccer fields into eight all-weather, state-of-the-art, multisport fields that could host soccer tournaments as well as many other sports, showcases, and events.

With an anticipated 2,000 games to be played on each of these fields every year, the city needed a playing surface that could withstand both wear and water. A natural grass field could not stand up to this level of play.

The durability of fields was also important for attracting tournaments to the area. A resilient playing surface is essential as no one wants to travel three to five hours to a tournament that might get rained out or cancelled due to weather conditions.

As with anything, higher quality costs more money. The city knew it would have to make a significant investment to ensure its place as a competitive market for large tournaments.

Early estimates for improvements to the sports park presented a budget of \$13 million and a build schedule of

16 months—a budget and timeline that nearly stopped the project dead in its tracks. City staff went back to the drawing table, and this time invited a local construction firm to reprogram the project scope, approach, and delivery system so that the project could be completed and usable in less than nine months and within the \$9.5 million budget.

An accelerated construction schedule and reduced construction costs were accomplished with unique techniques implemented by the construction firm and O’Fallon’s parks and recreation staff. Reduction of the budget and schedule were accomplished by implementing a field design that minimized drainage, grading, and soil stabilization

structure. This was done to complete the scope of the field construction in 89 days and construction of the entire complex in less than six months, which included nearly two miles of walking paths and more than 650 new parking spaces.

Most important, the project was completed within budget, at \$9.3 million.

On September 15, 2017, the city reopened the sports park, featuring eight, lighted, synthetic, all-weather turf fields with LED lighting. Residents kicked a soccer goal instead of the traditional ribbon cutting.

The city anticipates 10 tournaments in the first year, with more than 150 teams participating in each tournament. The city is preparing to conduct an economic

of the existence of downtown O’Fallon.

It would take something special to get them to travel off the beaten path, and visit the heart of the community.

City leaders looked at successful downtowns like Lexington, Kentucky, and Kirkwood, Missouri, and each had one distinguishable asset: a central gathering space that could host events, farmer’s markets, performances, and much more.

Along with the sports complex improvements, O’Fallon set out to build a downtown plaza as a central gathering spot. When complete, it will attract residents and visitors to its location, and therefore grow this part of O’Fallon into another destination.

The intent is that the plaza will provide a destination that works in unison with the sports tournaments and other already established attractions. At the time this article was written, O’Fallon was still in the design phase to navigate the challenges of building a multiuse pavilion in a downtown setting: parking, impact on nearby residents, railroad tracks, and one inconveniently located high-pressure gas main.

Despite the challenges, the city continues to press forward on improving its eclectic heart and core and expects the new plaza to be complete in 2018.

## DESPITE THE CHALLENGES, THE CITY CONTINUES TO PRESS FORWARD ON IMPROVING ITS ECLECTIC HEART AND CORE.

and used a cooperative purchasing program through the National Joint Powers Alliance (NJPA).

Purchasing through NJPA allowed O’Fallon to purchase the fields and LED lighting at a significant savings. The savings, estimated at approximately \$800,000, provided enough budget room to not only complete the project within budget but also to allow for an additional field to be added.

NJPA’s cooperative contract purchasing leverages the national purchasing power of more than 50,000 member agencies, while also streamlining the required purchasing process. As a national, municipal contracting agency, NJPA establishes and provides nationally leveraged and competitively solicited purchasing contracts under the guidance of the Uniform Municipal Contracting Law. Joint powers laws enable members to legally purchase through the organization’s awarded contracts.

In addition to cooperative purchasing, the city used two traditional bid packages for restroom facilities and support infra-

impact analysis of the new development, but early evaluations have estimated that the economic impact of the family sports park could double from \$5.1 million to more than \$10 million each year.

In addition to the profound economic impact and attraction of large tournaments, the new fields will be used for more than 200 local youth soccer league games and at least 300 practices by local soccer teams and clubs.

### Turning Attention to the Downtown Area

Once the fields and the sports park were complete, the city turned to creating a new destination in its historic downtown.

While a good problem to have, O’Fallon’s convenient location and interstate access prevents many visitors from experiencing the entire community. Downtown O’Fallon is vibrant and distinctive, but a visiting family might spend an entire weekend in O’Fallon—all within one mile of the Interstate—playing in soccer games, sleeping in a hotel, eating, and shopping, without knowing

### Support Pivotal to Success

No project of this magnitude can be done in a vacuum. O’Fallon was only able to complete these projects due to the great support and assistance from many individuals and organizations.

A great deal of thanks is owed to current and past mayors, current and former councilmembers, city staff, and contractors who helped make this a successful project that saved \$800,000 in project costs. All this without losing any playing time for regional and national tournaments. **PM**



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