



Recommendation for Action

File #: 20-3488, **Agenda Item #:** 10.

11/12/2020

Posting Language

Approve the draft service plan and petition language for the proposed creation of an Austin Tourism Public Improvement District (ATPID); the ATPID would raise funding through a 1% assessment on the rates for non-contiguous hotel properties with one hundred or more rooms within the City of Austin limits for the purpose of special supplemental services for increased marketing and sales initiatives, sales incentives to retain and secure meetings and conventions at the Austin Convention Center and Palmer Event Center; a portion of the assessment would be paid to the Austin Convention Center which can transfer these funds to the City's General Fund for use by the City.

Lead Department

Austin Convention Center Department.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

Council Resolution 20190523-029 directed City Manager to prepare for the establishment of an ATPID.

For More Information:

Trisha Tatro, Interim Director, Austin Convention Center Department, 512-404-4218.

Additional Backup Information:

This request for council action is to approve the draft service plan and petition language for the proposed Austin Tourism Public Improvement District (ATPID). It is the next step in the creation process for the ATPID, following Council Resolution 20190523-029, which directed the City Manager to initiate the creation of the ATPID to generate revenue that ultimately could be used by council for general revenue purposes such as services and programs for people experiencing homelessness.

A Tourism Public Improvement District is one of the types of public improvement districts authorized by Texas Local Government Code Chapter 372. The purpose of the ATPID will be to provide special supplemental services relating to increased marketing and sales initiatives, sales incentives to retain and secure meetings and conventions at the Austin Convention Center and the Palmer Event Center, sales incentives to retain and secure additional citywide, transient and group business at individual ATPID hotels, and research to assess the impact of the ATPID marketing and sales initiatives, all with the purpose of increasing the demand for hotel activity within the ATPID.

The draft service plan has been approved by the Board of Visit Austin and the Austin Hotel Lodging Association (AHLA) executive committee.

The draft service plan includes a 1% assessment of gross taxable room night rental revenue on hotels located within the service plan boundary. Hotel eligibility for the ATPID is limited to non-contiguous hotel properties with one hundred (100) or more rooms within the Austin city limits. The term of the ATPID will be for 10 years.

The proposed allocation of revenue is as follows:

- Up to 40% for Convention Center incentives/buydowns
- Minimum of 40% for sales & marketing
- Up to 10% for hotel incentives/buydowns
- Up to 5% for research
- Up to 5% for ATPID administration

The Convention Center funding allocated to the incentive/buydown program is the source of funding which will be transferred to the City for use as general revenue which can include use for services and programs for people experiencing homelessness. Once the allocation of the 1% ATPID funds is used for the Convention Center incentive/buydown program, the statutory requirements for the use of ATPID funds will be satisfied. At that point, the Convention Center can transfer those funds used for the incentive/buydown program to the City's use for programs Council identifies.

The organizers of the ATPID are requesting Council's approval of the petition language, which is also stated in the service plan document. The petition and service plan that will be signed by hotel ownership groups cannot be changed once signatures are obtained without having to start the entire petition approval process over again with all the signatories. It is necessary to have approval of the petition and service plan by hotel owners of over 60% of the appraised value of the hotels within the ATPID, as well as approval of over 60% of the owners of the number of hotels within the ATPID or over 60% of the surface area of the hotels in the ATPID.

If these items are approved by Council, the next step will be for the local hotel industry to gather signatures from the eligible hotel ownership groups. Staff anticipates bringing the ATPID creation documents to Council for consideration in early 2021. The following is a summary of the steps necessary to create the ATPID:

1. City Council approval of the draft service plan and petition language for the proposed ATPID.
2. Gathering petition signatures from the ownership groups of the eligible hotels.
3. Petition validation by the City Clerk to ensure satisfaction of the statutory mandated thresholds for approval of the ATPID by the hotel ownership groups.
4. Two public hearings on the proposed creation of the ATPID and setting of the assessment rate.
5. Notification/creation of the ATPID and setting of the assessment rate
6. Creation of the ATPID Management Corporation and Board of Directors
 - The ATPID Management Corporation will oversee and manage day-to-day operations of the ATPID pursuant to a contract with the City and Visit Austin.
7. Council approval of the management agreement between the ATPID Management Corporation, the City of Austin, and Visit Austin
 - City Council will review and approve annually the service plan and assessment plan that is proposed by the ATPID Board of Directors and determine and levy assessments.

Strategic Outcome(s):

Economic Opportunity and Affordability; Government That Works For All.