

A photograph of the Austin skyline at dusk. In the foreground, a crowd of people is gathered on a balcony or walkway of a building. The background features several skyscrapers, including a prominent one with a green glass facade and a circular logo on top. The sky is a mix of blue and orange from the setting sun. The text 'AUSTIN TOURISM PUBLIC IMPROVEMENT DISTRICT (ATPID)' is overlaid in large, white, bold, sans-serif font on the left side of the image.

# AUSTIN TOURISM PUBLIC IMPROVEMENT DISTRICT (ATPID)

City Council Worksession

August 29, 2023

# WHY CREATE A TPID?

## GENERAL TOURISM PUBLIC IMPROVEMENT DISTRICTS

Creation of a Tourism PID allows the local hotel industry to self-generate additional funding to pursue three primary purposes:

- Enhanced marketing program to generate increased hotel business, and leisure and other transient tourism and hotel activity throughout the City.
- Increased funding for sales incentives to attract and retain groups, large conferences, conventions, sporting tournaments and other events, and other hotel night generating activity.
- Funding for the administration and research activities that are incident to doing an effective marketing and sales program to generate group, event, and transient hotel activity.

## AUSTIN'S TOURISM PUBLIC IMPROVEMENT DISTRICT

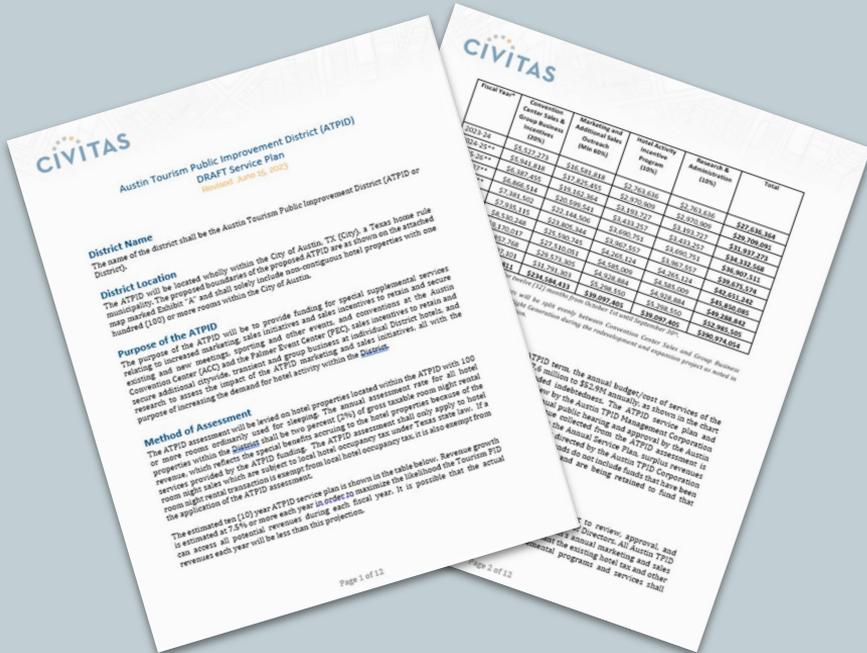
The Austin Tourism PID will provide additional benefit to the City in addition to the general PID activities:

- Generate funding for critical City priorities through the success of the Austin Convention Center.
- Creates funding to keep Austin competitive with peer cities in Texas that already have PIDs in place
- Provides critical funding for tourism in Austin during years of Convention Center closure.
- Contributes to Hotel Occupancy Tax Growth, benefiting Cultural Arts, Historic Preservation, and Live Music.



# ATPID SERVICE PLAN

- District consists of hotels with 100 rooms or more in the City of Austin
- 2% assessment on gross taxable room nights
- Council approves annually the budget and updated service plan and assessment
- Overseen by ATPID Management Corporation
- In effect for 10 years; Council may renew or dissolve after that
- Must be approved by 60% of hotel ownership groups in the City
- Includes a Primary and Secondary Program of Work



# BUDGET ALLOCATIONS

## *Primary Program of Work*

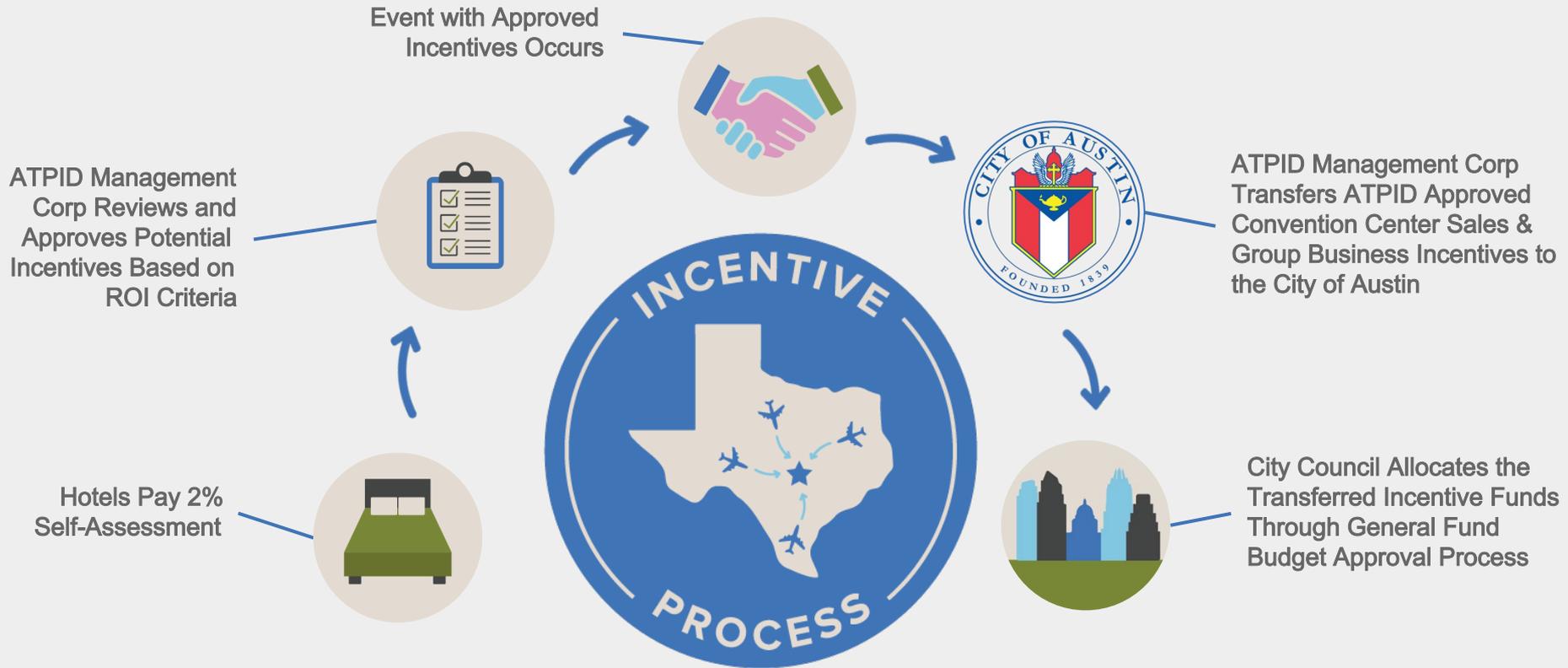
- **Convention Center Group Business Incentives (20%-40%)**
  - 20% of total revenue; additional 20% allowed from Sales and Marketing Activities for Convention Center incentives if first 20% is expended in a given year
- **Sales and Marketing Activities (40%-60%)**
  - 60% of total revenue; up to 20% may be allocated to Convention Center Group Business Category
- **Hotel Business Incentive**
  - 10% of total revenue
- **Research & Administration**
  - 10% of total revenue



# CONVENTION CENTER INCENTIVES

- **Primary Program of Work when Center is operational**
  - Min. of 20% of total ATPID revenue for incentives to retain existing and attract new and expanded events that generate hotel room nights
  - Additional 20% of total ATPID revenue if first 20% is fully spent in a given year
- **Secondary Program of Work when Center is under construction**
  - Allows for incentive program during closure
  - Min. of 10% of total ATPID revenue for incentives
  - 10% Variable Room Night Generation Share
    - Convention Center is eligible for this category
  - Creation of a Reopening Fund





Hotels Pay 2%  
Self-Assessment

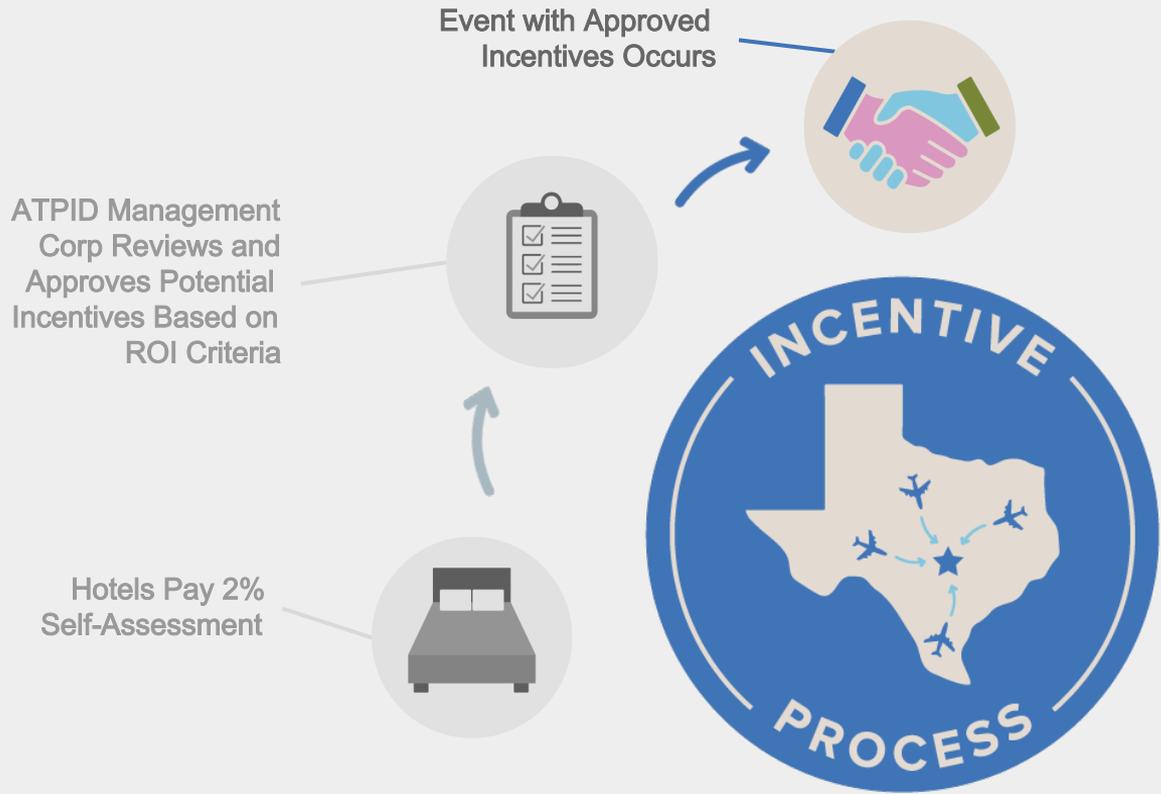


ATPID Management Corp Reviews and Approves Potential Incentives Based on ROI Criteria



Hotels Pay 2% Self-Assessment









# ESTIMATED COLLECTIONS FOR 2% ATPID

Fiscal Year*	ACCD Incentives (20%)	Marketing & Sales (Min 60%)	Hotel Incentives (10%)	Research & Admin (10%)	Total
<b>2023-24</b>	\$5,527,273	\$16,581,818	\$2,763,636	\$2,763,636	<b>\$27,636,364</b>
<b>2024-25</b>	\$5,941,818**	\$17,825,455	\$2,970,909	\$2,970,909	<b>\$29,709,091</b>
<b>2025-26</b>	\$6,387,455**	\$19,162,364	\$3,193,727	\$3,193,727	<b>\$31,937,273</b>
<b>2026-27</b>	\$6,866,514**	\$20,599,541	\$3,433,257	\$3,433,257	<b>\$34,332,568</b>
<b>2027-28</b>	\$7,381,502**	\$22,144,506	\$3,690,751	\$3,690,751	<b>\$36,907,511</b>
<b>2028-29</b>	\$7,935,115**	\$23,805,344	\$3,967,557	\$3,967,557	<b>\$39,675,574</b>
<b>2029-30</b>	\$8,530,248	\$25,590,745	\$4,265,124	\$4,265,124	<b>\$42,651,242</b>
<b>2030-31</b>	\$9,170,017	\$27,510,051	\$4,585,009	\$4,585,009	<b>\$45,850,085</b>
<b>2031-32</b>	\$9,857,768	\$29,573,305	\$4,928,884	\$4,928,884	<b>\$49,288,842</b>
<b>2032-33</b>	\$10,597,101	\$31,791,303	\$5,298,550	\$5,298,550	<b>\$52,985,505</b>
<b>Total</b>	<b>\$78,194,811</b>	<b>\$234,584,433</b>	<b>\$39,097,405</b>	<b>\$39,097,405</b>	<b>\$390,974,054</b>

\*Each fiscal year would run for twelve (12) months from October 1st until September 30th.

\*\*The funding during these years will be split evenly between Convention Center Sales and Group Business Incentives and the Variable Rom Night Generation during the redevelopment and expansion project

*Projected budget for incentives that become General Fund dollars.*

# GOVERNANCE

- The ATPID shall be overseen by Austin TPID Management Corporation, a nonprofit 501(c) corporation.
- The Austin TPID Management Corporation will oversee and manage the day-to-day operations of the ATPID with Visit Austin.
- **The Austin City Council will annually review and approve the service plan and assessment plan that is proposed by the Austin TPID Board.**
- The Austin TPID Management Corporation Board of Directors will be composed of eleven (11) hotel voting directors:
  - Four (4) directors representing hotels with 400 or more rooms;
  - Four (4) directors representing hotels with 141 to 399 rooms;
  - Three (3) directors representing hotels with 100 to 140 rooms;
  - Other Board Representative Factors: Downtown Hotels vs. Outlying Hotels, Hotel Brands, Ownership Groups, Gender, Diversity, etc.
- There shall also be three Ex-Officio members of the Austin TPID Management Corporation:
  - Visit Austin's President & CEO
  - Austin Hotel & Lodging Association's President & CEO.
  - Austin Convention Center





# ACTIVATION PROCESS

<b>August 31st</b>	<b>City Council Approval of Service Plan Draft and Petition Language</b>
August- October	Local hotels gather signatures on Petition / Service Plan packet
October	Hotels submit petition packets for validation once 60% approval is exceeded
October	Once validated by City Clerk, City Council gives newspaper and mailed notice of 2 public hearings to create the district
<b>October/November</b>	<b>City holds 2 public hearings: one to create the district and the second to set the assessment rate</b>
<b>October/November</b>	<b>City provides district creation date that provides sufficient time for hotels to incorporate new TPID fee into room folio software, contracts, etc. Can be on same day as public hearings</b>
November/December	District begins application of assessment / fees
<b>2025 Budget Process</b>	<b>First year of ATPID funds available to be allocated during budget process for City priorities</b>

