

A photograph of the Austin skyline at dusk. In the foreground, a crowd of people is gathered on a bridge or walkway, looking towards the city. The background features several prominent buildings, including a tall, curved glass skyscraper and a building with a distinctive green, pointed roof. The sky is a mix of orange and purple hues.

# 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*

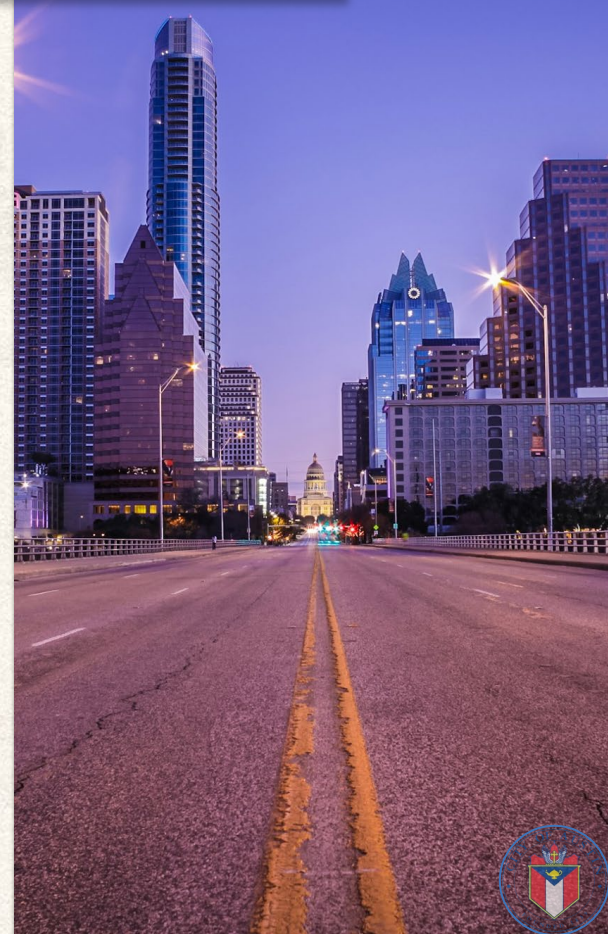
- **Convention Center Group Business Incentives (20%-40%)**
  - 20% of total revenue; additional 20% allowed from Sales and Marketing Activities for Convention Center incentives if first 20% is expended in a given year
- **Sales and Marketing Activities (40%-60%)**
  - 60% of total revenue; up to 20%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

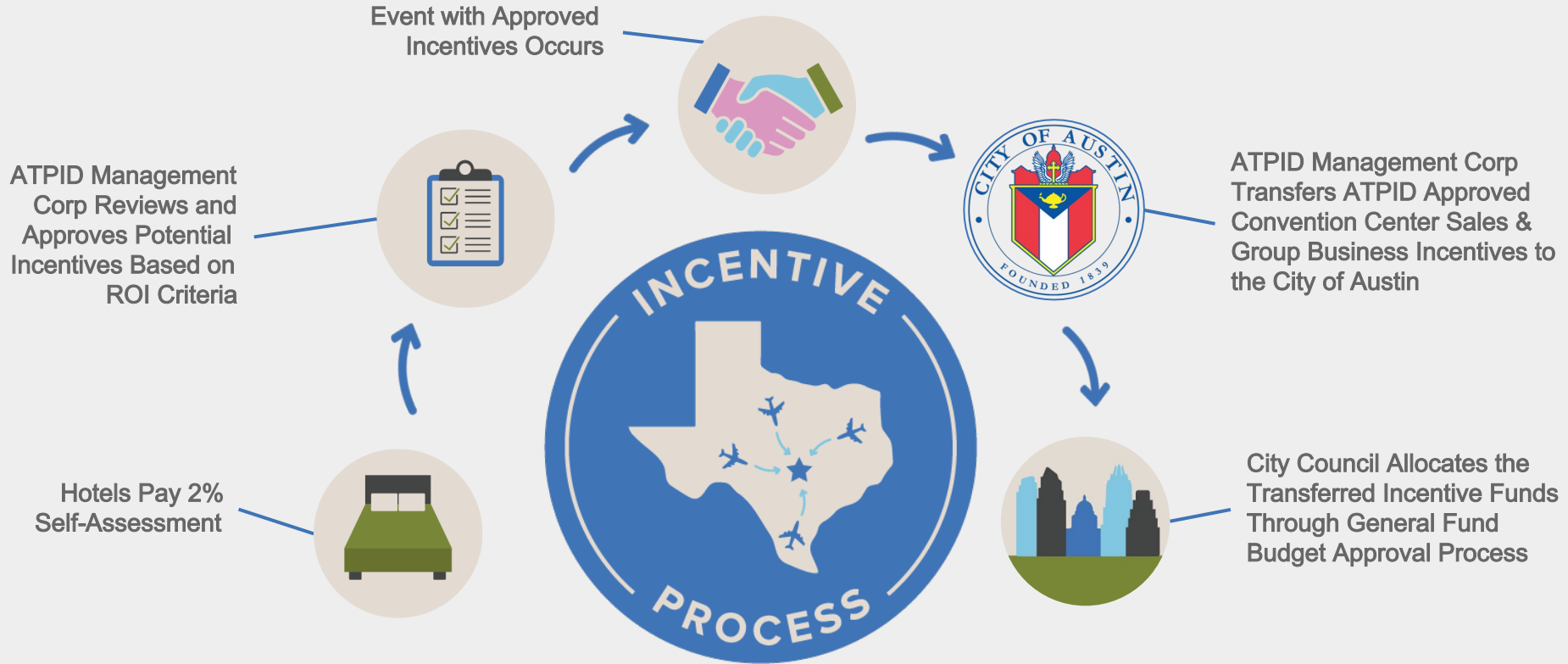




# CONVENTION CENTER INCENTIVES

- **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



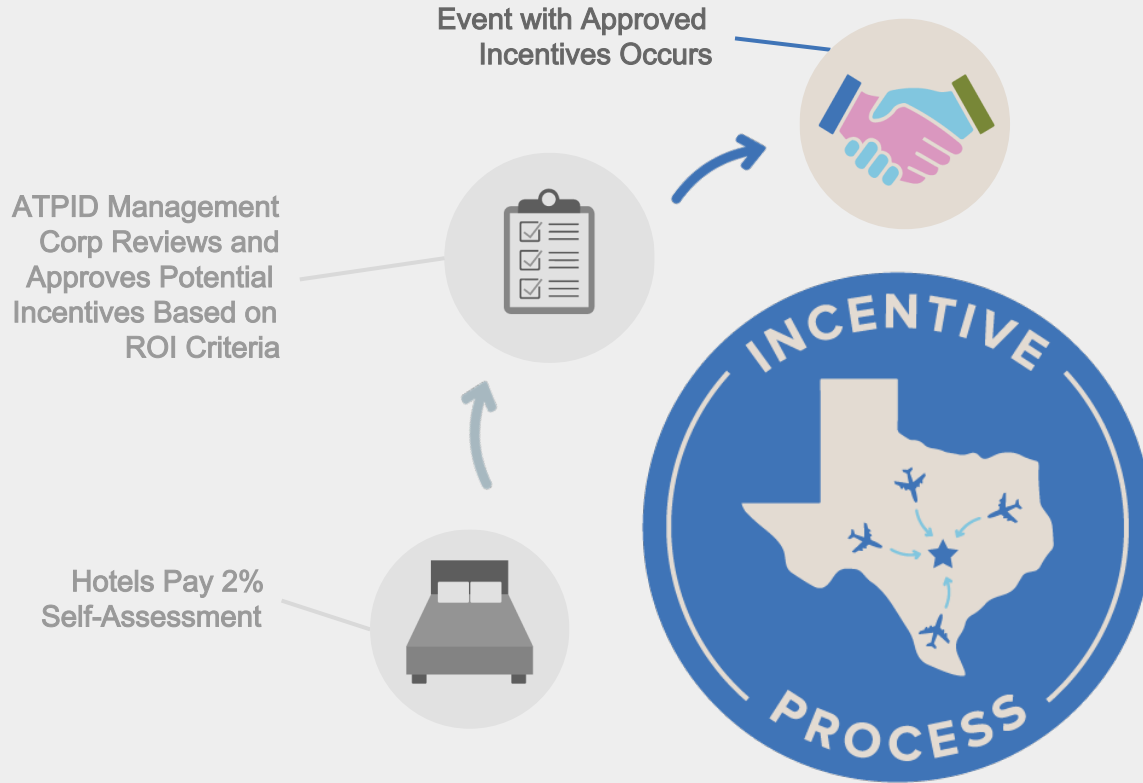
ATPID Management  
Corp Reviews and  
Approves Potential  
Incentives Based on  
ROI Criteria

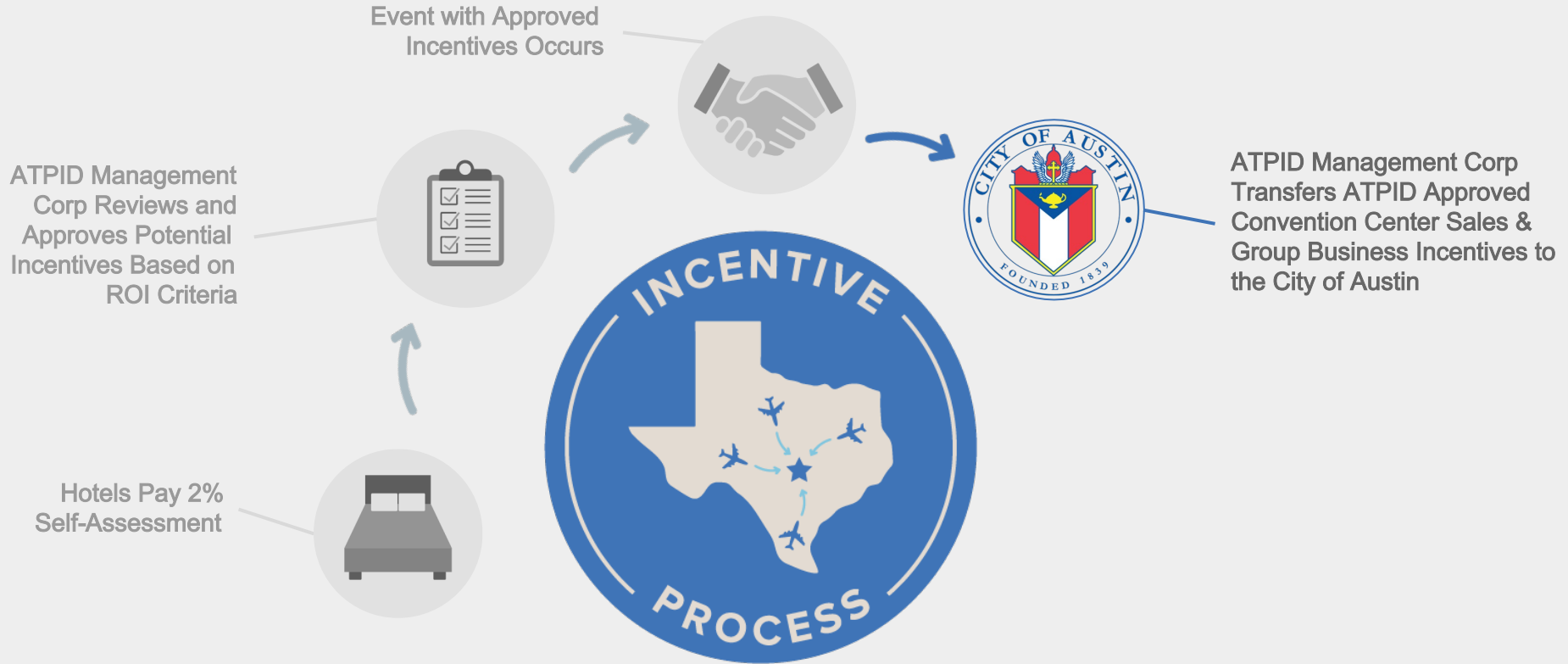


Hotels Pay 2%  
Self-Assessment













# ESTIMATED COLLECTIONS FOR 2% ATPID

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

\*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







|                            |  |
|----------------------------|--|
| <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>   |

