



MEMORANDUM

TO: Mayor and Council
FROM: Trisha Tatro, Interim Director, Austin Convention Center Department
THRU: Rodney Gonzales, Assistant City Manager
DATE: October 30, 2020
SUBJECT: Update on the Formation of an Austin Tourism Public Improvement District

The purpose of this memo is to update the City Council on progress made on the creation of the Austin Tourism Public Improvement District (ATPID), pursuant to [Resolution 20190523-029](#) (Palm District Resolution).

Tourism Public Improvement Districts (TPIDs) currently exist in several large Texas cities, including Dallas, San Antonio, Arlington, Fort Worth, and Waco. The creation steps outlined below are similar to the process undertaken by these other cities during the creation of their respective TPIDs. The formation of the TPIDs in the other Texas cities has taken four to six months after City Council approval of the TPID petition language and service plan.

The following steps are needed to implement the ATPID. Unless noted otherwise, the steps involve some form of City staff or City Council action.

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 (a) the proposed creation of the ATPID and (b) 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. Visit Austin, together with hotel ownership groups, will create the corporation, and the corporation will have its own Board of Directors.
 - o 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.
 - o 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.

Staff has worked closely with Visit Austin and the local and state hotel lodging associations to prepare a draft service plan and petition language for Council consideration. The draft service plan and petition language have been presented to and approved by the Board of Visit Austin and the Austin Hotel Lodging Association (AHLA) Executive Committee and has been presented to the board of the AHLA.

Service Plan and Petition Language. The draft service plan includes a 1% to 2 % 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 petition language and service plan approved by Council must be presented to hotel ownership groups without subsequent changes. Specifically, the petition that is signed by hotel ownership groups that contains the Service Plan cannot be changed once signatures are obtained, without having to start the entire petition approval process over again. It is necessary to obtain 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.

Next Steps. Staff will bring the draft service plan and draft petition language to Council for approval at your November 12, 2020 meeting. Following approval of the service plan and petition language, the next step will be for the local hotel industry to move forward with the gathering of petition signatures from the eligible hotel ownership groups. In discussions with Visit Austin and the Texas Hotel Lodging Association, it is anticipated to take several months to gather signatures. Based on this timeframe, staff anticipates bringing the ATPID creation documents, including the management agreement, to Council for consideration in early 2021.

If you have any questions please do not hesitate to reach out to me by phone 512-404-4218, or email at trisha.tatro@austintexas.gov.

XC: Spencer Cronk, City Manager
Jannette Goodall, City Clerk