



Austin Tourism Public Improvement District (ATPID)

Service Plan

October 1, 2020

District Name

The name of the district shall be the Austin Tourism Public Improvement District (ATPID).

District Location

The ATPID will be located wholly within the City of Austin, TX (City), a Texas home rule municipality. The proposed boundaries of the proposed ATPID are as shown on the attached map marked Exhibit “A” and shall solely include non-contiguous hotel properties with one hundred (100) or more rooms within the City of Austin.

Purpose of the ATPID

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 District 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 District.

Method of Assessment

The ATPID assessment will be levied on hotel properties located within the ATPID with 100 or more rooms ordinarily used for sleeping. The annual assessment rate for all hotel properties within the District shall be one percent, (1%), and may be increased to a rate not to exceed two percent (2%) of gross taxable room night rental revenue, which reflects the special benefits accruing to the hotel properties because of the services provided by the ATPID. The assessment rate shall only be increased from a one percent rate to up to a two percent rate if the total state and local hotel occupancy tax rate and Tourism Public Improvement District Rate in Austin would not cumulatively exceed an eighteen percent (18%) rate at any time during the term of the ATPID. Any increase from a one percent TPID rate would require a three-fourth (3/4th) vote of approval by the Austin TPID Board of Directors, whose voting members are solely composed of hotels from within the District. Any vote to increase the TPID rate would also require approval by a majority vote of the Austin City Council. The ATPID assessment shall only apply to hotel room night sales which are subject to local hotel occupancy tax under Texas state law. If a room night rental transaction is exempt from local hotel occupancy tax, it is also exempt from the application of the ATPID assessment.

The estimated ten (10) year ATPID service plan is shown in the table below. This chart assumes that the optional ATPID rate increase from one to two percent is NOT adopted. Additionally, the below ATPID service plan includes a 7.44% increase in estimated TPID



collections each year, following the 2021 – 2022 fiscal year, matching the city's projected annual local hotel occupancy tax growth for the City of Austin during the ten-year period of the ATPID.

Fiscal Year	Convention Center Incentives (Max 40%)	Sales & Marketing (Min 40%)	Hotel Business Incentive Program (10%)	Research (5%)	Administration Fee (5%)	Total
2021*	\$1,930,498	\$1,930,498	\$482,624	\$241,312	\$241,312	\$4,826,244
2021-22**/**	\$2,765,633	\$2,765,633	\$691,408	\$345,704	\$345,704	\$6,914,082
2022-23	\$2,971,521	\$2,971,521	\$742,880	\$371,440	\$371,440	\$7,428,802
2023-24	\$3,192,720	\$3,192,720	\$798,180	\$399,090	\$399,090	\$7,981,799
2024-25	\$3,430,368	\$3,430,368	\$857,592	\$428,796	\$428,796	\$8,575,921
2025-26	\$3,684,216	\$3,684,216	\$921,054	\$460,527	\$460,527	\$9,210,539
2026-27	\$3,958,321	\$3,958,321	\$989,580	\$494,790	\$494,790	\$9,895,803
2027-28	\$4,252,820	\$4,252,820	\$1,063,205	\$531,603	\$531,603	\$10,632,051
2028-29	\$4,569,230	\$4,569,230	\$1,142,308	\$571,154	\$571,154	\$11,423,076
2029-30	\$4,909,181	\$4,909,181	\$1,227,295	\$613,648	\$613,648	\$12,272,952
Total	\$35,664,508	\$35,664,508	\$8,916,127	\$4,458,063	\$4,458,063	\$89,161,270

* The first fiscal year would run for only nine (9) months from January 1, 2021 until September 30th, 2021

** The second fiscal year and each year thereafter would run for twelve (12) months from October 1 until September 30th.

*** The estimated increase in ATPID budget revenues after fiscal year one, 2021, is based on the City of Austin's projected increase in annual hotel tax revenues of approximately 7.44% each fiscal year.



The estimated ten (10) year ATPID budget is shown in the table below. This chart assumes the optional ATPID rate does increase from a one percent rate to a two percent rate in the second fiscal year of the ATPID. The below ATPID budget also includes an additional 7.44% increase in estimated TPID collections each year, following the 2021 – 2022 fiscal year, during the ten-year period of the ATPID, matching the city’s projected annual local hotel occupancy tax growth for the City of Austin.

Fiscal Year	Convention Center Incentives (Max 40%)	Sales & Marketing (Min 40%)	Hotel Business Incentive Program (10%)	Research (5%)	Administrati on Fee (5%)	Total
2021*	\$1,930,498	\$1,930,498	\$482,624	\$241,312	\$241,312	\$4,826,244
2021-22**/**	\$5,531,266	\$5,531,266	\$1,382,816	\$691,408	\$691,408	\$13,828,164
2022-23	\$5,943,042	\$5,943,042	\$1,485,760	\$742,880	\$742,880	\$14,857,604
2023-24	\$6,385,439	\$6,385,439	\$1,596,360	\$798,180	\$798,180	\$15,963,598
2024-25	\$6,860,737	\$6,860,737	\$1,715,184	\$857,592	\$857,592	\$17,151,842
2025-26	\$7,371,176	\$7,371,176	\$1,842,794	\$921,397	\$921,397	\$18,427,939
2026-27	\$7,919,591	\$7,919,591	\$1,979,898	\$989,949	\$989,949	\$19,798,978
2027-28	\$8,508,809	\$8,508,809	\$2,127,202	\$1,063,601	\$1,063,601	\$21,272,022
2028-29	\$9,141,864	\$9,141,864	\$2,285,466	\$1,142,733	\$1,142,733	\$22,854,660
2029-30	\$9,822,019	\$9,822,019	\$2,455,505	\$1,227,752	\$1,227,752	\$24,555,047
Total	\$69,414,439	\$69,414,439	\$17,353,610	\$8,676,805	\$8,676,805	\$173,536,097

* The first fiscal year would run for only nine (9) months from January 1, 2021 until September 30th, 2021

** The second fiscal year and each year thereafter would run for twelve (12) months from October 1 until September 30th. This second year also assumes the adoption of an increase in the TPID rate from one percent (1%) to two percent (2%) at the beginning of the fiscal year.

*** The estimated increase in ATPID budget revenues after fiscal year one, 2021, is based on the City of Austin’s projected increase in annual hotel tax revenues of approximately 7.44% each fiscal year.

Estimated Cost

During the proposed ten (10) year ATPID term, the annual budget/cost of services provided by the ATPID are estimated to range from \$4,826,244 to \$24,555,047 annually; however, in no event shall the assessment rate exceed two percent (2%) of the District hotel properties’ gross taxable room night rental revenue. The ATPID shall not incur bonded indebtedness. The ATPID service plan and assessment rate are subject to annual review by the Austin TPID Management Corporation Board of Directors and are subject to an annual public hearing and approval by the Austin City Council. If the estimated cost and revenue collected from the ATPID assessment is greater than the estimated amount projected in the Annual Service



Plan, surplus revenues shall be allocated in the subsequent fiscal year to Sales & Marketing programs and services.

Programs, Services, and Activities

Programs and services funded by the ATPID will be subject to review, approval, and oversight by the Austin TPID Management Corporation Board of Directors. All Austin TPID programs and services will be supplemental activity to Visit Austin's annual marketing and sales services. These supplemental programs and services shall include Convention Center Group Business Incentives, Sales & Marketing, an Individual Hotel Group Business Incentive Program, Research, and Administration.

Convention Center Group Business Incentives (Maximum 40%)

A maximum of forty percent (40%) of the budget is to be allocated to the Convention Center Department for Group Business Incentives, which includes but is not limited to the following:

- To pursue additional conventions and events, conferences, sporting events at the Austin Convention Center and the Palmer Event Center that create substantial new or retained demand for hotel room nights.
- A minimum of 20% of the total ATPID budget shall be used for incentives to retain existing convention center group business.
- The remaining 20% shall be used for incentives for new or retained convention center group business incentives that meets the ROI requirement determined by the Austin TPID Management Corporation Board of Directors. The ROI requirement shall meet at least a \$7 in room night revenues for each \$1 in ATPID incentives. However, the ATPID Board may vote by a three-fourths majority to allow a different ROI standard if there are exigent or exceptional circumstances that strongly warrant a different ROI.
- To retain and pursue additional events that create a large demand for hotel room nights and thus bring a significant economic impact to the City of Austin.
- Authorized expenses and program eligibility of funding shall be approved by the Austin TPID Management Corporation Board of Directors.
- At the end of each fiscal year, any surplus revenues and unspent funds within this budget category will be allocated in the subsequent fiscal year to the marketing and sales budget categories.

Sales & Marketing (Minimum 40%)

A minimum of forty percent (40%) of the budget shall be allocated to additional sales & marketing initiatives. Sales & marketing initiatives will enable additional promotions of District lodging businesses as tourist, meeting, and event destinations. The Austin TPID Management Corporation Board of Directors may consider and approve sales & marketing funds to cover the cost of supplemental staffing positions to develop and execute additional sales and marketing initiatives that would not be possible without TPID funding. Supplemental Sales and Marketing efforts will have the goal of increasing

overnight visitation and room night sales at District lodging businesses, and may include the following activities:

- Additional marketing efforts to drive increased demand for overnight visitation and room night sales at District lodging businesses as desirable leisure, meeting, and event destinations;
- Supplemental internet marketing efforts to increase awareness and optimize internet presence to drive increased demand for overnight visitation and room sales to District lodging businesses;
- Additional print ads in magazines and newspapers, television ads, and radio ads targeted at potential visitors to drive increased demand for overnight visitation and room sales to District lodging businesses;
- Additional preparation and production of collateral promotional materials such as brochures, flyers and maps featuring District lodging businesses;
- New lead generation activities designed to attract additional tourists and group events that drive increased demand for overnight visitation and room sales to District lodging businesses;
- Attendance of additional trade shows that will further drive demand for overnight visitation and room sales to District lodging businesses;
- Additional sales blitzes that drive increased demand for overnight visitation and room sales to District lodging businesses;
- Additional familiarization tours that drive increased demand for overnight visitation and room sales to District lodging businesses;
- Supplemental special events and sporting events, including but not limited to events eligible for the Events Trust Fund, designed to drive increased demand for overnight visitation and room sales to District lodging businesses;
- Increase the funds available to offer as “Local Share” and other forms of contribution to support Event Trust Fund events that drive increased demand for large group events and promote substantial overnight visitation and room sales to District lodging businesses;
- Attendance of additional professional industry conferences and affiliation events to enhance the promotion of District lodging businesses;

Individual Hotel Incentive Program (10%)

- To pursue additional conventions and events, conferences, and sporting events at District hotels.
- To pursue additional events that create a large demand for hotel room nights and thus bring a significant economic impact to the City of Austin.
- The Austin TPID Management Corporation Board of Directors shall review and approve the expenses and program eligibility of funding awards under the Individual Hotel Incentive Program.
- At the end of each fiscal year, any surplus revenues and unspent funds within this budget category will be allocated in the subsequent fiscal year to the marketing and sales budget categories.

Research (5%)

Additional research will be funded to track and monitor the effectiveness and impact of programs and services funded by the ATPID. In order to increase demand for hotel activity, research & business modeling programs will provide opportunities to understand the effectiveness and impact of programs being implemented using ATPID dollars, and thus provide the opportunity to generate increased demand for visitation by responding to trends shown in research and business modeling efforts. At the end of each fiscal year, any surplus revenues and unspent funds within this budget category will be allocated in the subsequent fiscal year to the marketing and sales budget categories.

Administration (5%)

The administration and operations portion of the budget shall be utilized for additional administrative staffing costs, office costs, and other general administrative costs that are directly related to the ATPID such as insurance, legal, and accounting fees and other ATPID direct operational costs. At the end of each fiscal year, any surplus revenues and unspent funds within this budget category will be allocated in the subsequent fiscal year to the marketing and sales budget categories.

Apportionment of Cost Between the ATPID and the Municipality as a Whole

The ATPID shall pay the cost of the supplemental services described in this petition by assessment against the hotel properties with 100 rooms or more within the ATPID. All ATPID funded services will supplement, not supplant, pre-existing levels of programs funded by local hotel tax and other funding from the City of Austin at the time of the creation of the ATPID.

ATPID Management

The ATPID shall be overseen by a to-be-formed Austin TPID Management Corporation, a nonprofit corporation which will also operate as a tax-exempt entity under the provisions of section 501(c) of the Internal Revenue Code. The Austin City Council will review and approve annually the service plan and assessment plan that is proposed by the Austin TPID Board of Directors and determine and levy assessments. The Austin TPID Management Corporation will oversee and manage the day-to-day operations of the ATPID pursuant to a contract with the City and the Austin Convention and Visitors Bureau.

The Austin TPID Management Corporation Board of Directors will be composed of eleven (11) voting directors. The composition of the eleven (11) voting directors are allocated as follows:

- Four (4) directors representing hotels with 300 or more rooms;
- Four (4) directors representing hotels with 141 to 299 rooms;
- Three (3) directors representing hotels with 100 to 140 rooms;



A representative percentage of the TPID Board of Directors composition shall be from non-downtown hotels. This percentage shall to the extent possible remain commensurate with the current percentage of taxable hotel night revenue that is received by the City of Austin from non-downtown hotels within the District. There shall also be two Ex-Officio members of the Austin TPID Management Corporation which shall include Visit Austin's President & CEO and Austin Hotel & Lodging Association's President & CEO.

District Term and Potential Renewal

The ATPID will be formed for a ten (10) year period, beginning January 1, 2021. After ten (10) years, the ATPID may be renewed if over sixty percent of hotel property owners petition to continue the District.

Exhibit A Boundary Map

