



# City of Austin

## Recommendation for Action

File #: 24-6257, Agenda Item #: 86.

12/12/2024

### Posting Language

Approve a resolution to authorize the establishment of an Austin Tourism Public Improvement District, composed of hotels with one hundred or more rooms, and make findings related to the advisability of the improvement and creation of the district as authorized by Local Government Code Chapter 372 to enhance services and undertake improvements, including activities related to marketing, business recruitment, and promotion for the district. Funding: For Fiscal Year 2024-25, the ATPID is projected to allocate \$4.2 million in revenue the City would be eligible to receive under the ATPID Service Plan. Actual revenue is dependent on the eligible activities that will occur under the service plan. Revenue is expected to increase in future years. Related to Items #75 and #87.

### Lead Department

Austin Convention Center.

### Fiscal Note

For Fiscal Year 2024-25, the ATPID is projected to allocate \$4.2 million in revenue the City would be eligible to receive under the ATPID Service Plan. Actual revenue is dependent on the eligible activities that will occur under the service plan. Revenue is expected to increase in future years.

### Prior Council Action:

September 14, 2023 - Council approved the draft service plan and petition language for the creation of a proposed Austin Tourism Public Improvement District (ATPID or District) on an 8-0 vote.

### For More Information:

Trisha Tatro, Director, Austin Convention Center Department, 512-404-4218; Katy Zamesnik, Assistant Director, Austin Convention Center Department 512-404-4208.

### Additional Backup Information:

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. The final 10-year service plan includes a two percent assessment of gross taxable room night rental revenue on hotels within the service plan. Hotel eligibility for the ATPID is limited to hotel properties, which need not be contiguous, with 100 or more rooms within the Austin city limits. The term of the ATPID will be for ten years. The proposed allocation of revenue is as follows:

- Minimum 20 percent for Convention Center Sales and Group Business Incentives;
- Minimum 60 percent for Marketing and Sales;
- 10 percent for Hotel Activity Incentive Program; and

- 10 percent for research and ATPID administration.

The ATPID funding that is allocated under the Convention Center Sales and Group Business Incentives category of the ATPID service plan is the source of funding that will be used for Convention Center facility event incentives and is the source of funding that ultimately may be used for any lawful municipal purpose once the statutory requirements for use of these funds under Local Government Code 372 are satisfied. Those use requirements for an amount of ATPID incentive funding are satisfied once the event at the Convention Center facilities for which that funding is awarded has occurred.

Following the approval by Council of the draft petition and service plan documents, the petition language and service plan was presented to hotel ownership groups for their petition signatures. State law requires signatures indicating approval of the petition and service plan from hotel owners of over 60 percent of the appraised value of the hotels within the proposed ATPID, as well as either the approval of over 60 percent of the owners of the hotel properties within the proposed ATPID or of the owners of over 60 percent of the surface area of the hotel properties in the proposed ATPID. Sufficient valid petition signatures have been submitted that the approval threshold has been reached. Included with this item in backup are the petition backup, service plan, map, and hotel list as submitted with the petition.

The ATPID will be effective January 1, 2025 with collections beginning on April 1, 2025. Council will annually approve the updated service plan and assessment rate. A delay in approval of this item will delay the ability of the ATPID to begin collections.