

Tourism Public Improvement District Update

Presentation to ICVB Board of Directors

December 17, 2018

What is a Tourism Public Improvement District (TPID)?

- First began in California in 1989, 14 states now have these, with more than 160 municipalities
- First authorized in Texas in 2011 for Dallas
 - Purpose was to allow hotels to propose a self-assessment to create additional funding for marketing and group incentives to attract convention and group business
- Arlington, Austin, Fort Worth and San Antonio gained same legislative authority in 2015
- Several Texas cities pursuing legislative authority for 2019, including Frisco

Texas TPID Legislation

- Section 372.0035(a) Local Government Code
- Currently only applies to a municipality that:
 - (A) Has a population of more than 650,000 and less than two million;
 - Hotels with 100 rooms or more
 - Dallas, Austin, San Antonio, Fort Worth
 - Or; (B) Has a population of more than 325,000 and less than 625,000
 - Hotels with 75 rooms or more
 - Arlington
- Irving would like to see (B) amended to allow Irving to participate
 - Frisco, Waco, Denton & Allen also pursuing

How do TPIDs work in Texas?

- Legislative authority at the state level is the first step
- A vote of the eligible hoteliers is next
 - 60% of hotel ownership and appraised value of Irving hotels with 75 rooms or more
- City council authorizes the creation of the district
- Eligible hoteliers establish a board to represent all members
 - Geographic sectors, as well as property types
- Hoteliers in the district serve as the board for the TPID and develop the annual service plan of how the funds are used
 - Typically the TPID board contracts with the city to collect the funds and the CVB to administer the program
 - Service plan needs to meet the needs of all members
 - Geographic considerations, market segments, varying need times, etc.

Typical Service Plan Components

- **Sales Efforts & Room Night Incentives**
 - Available for citywides as well as individual hotel in-house bookings
 - Dallas requires a 10:1 return on investment in order to qualify
 - Individual properties limited to \$50,000 annually
 - Limited to events using 15% or more of the property's rooms at peak, and with \$5,000+ in lodging revenue
 - Room night incentives available to attract new business as well as to retain/grow existing business (i.e., multi-year bookings)
 - Room night incentives paid out post-event based on actual lodging revenues achieving the 10:1 ROI
- **Event Funding Application Pool**
 - Provides local groups and organizations the ability to apply for funding to attract or retain groups, visitors and hotel activity
- **Promotions & Advertising**
 - Group and leisure visitors in targeted markets
- **Site Visits & Familiarization Tours**
 - Funding to bring more prospective customers into Irving to see all the opportunities and amenities

What have the results been?

- **Since the TPID was established in Dallas:**
 - Conversion rate for securing citywides has nearly doubled to 41% of its bids
 - Overall hotel occupancy levels have increased by 16%
 - Citywide average daily rates have increased, thus increasing citywide hotel occupancy tax collections
 - Marketing goal was 50 million digital impressions
 - Actual was 164 million digital impressions
 - Social media measures showed significant gains
 - Facebook followers increased by 555%
 - Twitter increased by 92%
 - Initial term was 5 years, hotels have just renewed for 13
 - Arlington has just started theirs, with an initial term of 10 years

What's Next?

- Irving City Council approved Resolution to seek the Statutory Authority (12/13/18)
- Next step is gaining the legislative authority in the 2019 session
- ICVB will work with the Irving Hotel Association, the Hotel Association of North Texas and the Texas Hotel & Lodging Association to formally seek the hotel owners' approval, determine the assessment amount and establish the program's performance priorities and service plan
- Program expected to roll out in time for FY 2020-21

Economic Impact

