

ORDINANCE 2018-12-06-0955

**AUTHORIZING THE ESTABLISHMENT OF THE SAN ANTONIO TOURISM PUBLIC IMPROVEMENT DISTRICT; SPECIFYING THE NATURE AND COST OF THE PROPOSED IMPROVEMENTS; ESTABLISHING DISTRICT BOUNDARIES; SPECIFYING THE METHOD OF ASSESSMENT; PROVIDING FOR THE APPORTIONMENT OF COSTS BETWEEN THE CITY AND THE DISTRICT; LEVYING AN ASSESSMENT RATE OF 1.25% OF THE GROSS HOTEL ROOM NIGHT REVENUE OF QUALIFIED HOTELS WITHIN THE DISTRICT; AND PROVIDING THE METHOD OF PAYMENT OF THE ASSESSMENT.**

\* \* \* \* \*

**WHEREAS**, pursuant to Texas Local Government Code, Chapter 372, the governing body of a municipality is authorized to undertake improvements and/or services which confer a special benefit on a definable part of the city by creating a public improvement district ("PID"); and

**WHEREAS**, before a municipality can create a tourism-related PID, a petition must be submitted by record property owners representing more than 60 percent of (1) the total appraised value of the real property liable for assessment in the proposed district, and (2) the total number of record property owners to subject to assessment; and

**WHEREAS** on October 24, 2018, the San Antonio Hotel Lodging Association submitted such a petition, which included the signatures of property owners representing 74.24 percent of appraised value of the real property and 64.52 percent of the record owners of hotels with 100 rooms or more, ordinarily used for sleeping, located within the proposed PID, as described in Exhibit A; and

**WHEREAS**, the property owners who submitted the petition are requesting that the City Council take action to create the San Antonio Tourism Public Improvement District ("SATPID") for a period of approximately eight years, terminating September 30, 2026, in order to establish a means through which property owners in the SATPID can self-fund and provide additional services to members; and

**WHEREAS**, on June 21, 2018, the City Council approved Ordinance No. 2018-06-21-0500, authorizing the petition, approving the Service Plan for the SATPID, including the Assessment Plan, and various agreements facilitating the creation of the SATPID which establish that the San Antonio Tourism Public Improvement District Corporation, a non-profit entity with a Board of Directors composed solely of stakeholder hotels within the SATPID, will oversee the District; and

**WHEREAS**, the general nature of the proposed improvements in the SATPID include increased marketing and sales initiatives, industry partnerships and research and administration which will enhance the vitality and quality of tourism in the San Antonio by providing such supplemental services to members; and



**WHEREAS**, the City Council is authorized by Chapter 372 of the Texas Local Government Code to levy and collect special assessments on real property in the proposed SATPID, based on the special benefits conferred by the improvements and/or services and to pay the cost of such improvements and/or services; and

**WHEREAS**, in addition to annual property taxes, property owners in the SATPID would be required to pay an annual assessment rate of 1.25% of the gross hotel room night revenue of hotels with 100 or more rooms ordinarily used for sleeping within the proposed SATPID, which could raise in excess of \$10 million annually to fund supplemental services; and

**WHEREAS**, pursuant to Section 372.009 of the Texas Local Government Code, all property owners in the proposed SATPID must be notified in writing of the petitioned action and public hearing and notices of the public hearing must be advertised in a newspaper of general circulation at least 15 days prior to the public hearing to consider establishing the SATPID; and

**WHEREAS**, the required public notices appeared in the San Antonio Express News on November 20, 2018, and notices were mailed to individual property owners also on November 20, 2018; and

**WHEREAS**, a public hearing was held and closed on December 6, 2018 in the Council Chambers, City Hall, at 9:00 am or as soon thereafter as practicable, to consider the establishment of the SATPID; the levy of a special assessment to fund services for the SATPID; and levying an assessment rate, beginning on January 1, 2019, at 1.25% of the gross hotel room night revenue of hotels with 100 or more rooms ordinarily used for sleeping within the proposed SATPID; and

**WHEREAS**, it is officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 372 of the Texas Local Government Code; and

**WHEREAS**, at the end of the public hearing, staff requested creation of the SATPID, the levy of the special assessment and approval of the special assessment rate; and

**WHEREAS**, at or on the adjournment of the public hearing the City Council heard and passed on any objections to the levying of the special assessment; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City Council, having considered the petition submitted by the required majority of property owners in the proposed SATPID and comments of those who made presentations at the public hearing, finds:

- (a) It is advisable for improvements to be undertaken and provided in the SATPID.
- (b) The general nature of the improvements in the proposed SATPID will include increased marketing and sales initiatives, industry partnerships and research and administration and

any other improvement or administrative cost authorized by Chapter 372 of the Texas Local Government Code.

- (c) An estimate of the cost of the improvements in the proposed SATPID is \$10,420,000.00 for the initial year or \$99,570,495.00 for the approximately eight-year term of the SATPID.
- (d) Boundaries of the proposed SATPID are set forth in Exhibit A, attached to this Ordinance.
- (e) The method of assessment in the proposed SATPID will be 1.25% of the gross hotel room night revenue of hotels with 100 or more rooms ordinarily used for sleeping within the proposed SATPID.
- (f) The City has no property located within the SATPID and all costs of the SATPID's activities will be paid by and apportioned to the SATPID and not to the City as a whole.

**SECTION 2.** The City Council of the City of San Antonio finds that the SATPID will promote the interest of the City and authorizes the establishment of the area described in Exhibit A as the San Antonio Tourism Public Improvement District and all other activities necessary to effectuate the SATPID.

**SECTION 3.** A public hearing was held on December 6, 2018 at 9:00 a.m., or as soon after that time as possible, in the San Antonio City Council Chambers in accordance with Chapter 372, Texas Local Government Code to consider the levy of a Special Assessment to fund services for the SATPID.

**SECTION 4.** A special assessment rate of 1.25% of the gross hotel room night revenue of hotels with 100 or more rooms ordinarily used for sleeping within the SATPID is levied to fund improvements and services in the SATPID. The assessment shall begin January 1, 2019. The gross hotel room night revenue will be self-reported by hotels within the SATPID and remitted on a monthly basis. The assessment will only apply in instances where the hotel occupancy tax is required to be collected.

**SECTION 5.** The City Council finds that the statements set forth in the recitals of this Ordinance are true and correct, and the Council incorporates such recitals as a part of this Ordinance.

**SECTION 6.** The SATPID shall pay the City an amount equal to one-half of one-percent (1/2 of 1%) of the collected assessment of the SATPID, to be capped at no more than \$50,000.00 annually plus the recovery of costs associated with the payment of the assessment by credit card (i.e. credit card fees), to compensate the City for costs associated with its administrative and collection services to the SATPID. Such funds shall be deposited in Fund 11001000, General Fund, Internal Order 207000000213, Treasury – General Fund and General Ledger 4407725, Miscellaneous Revenue.



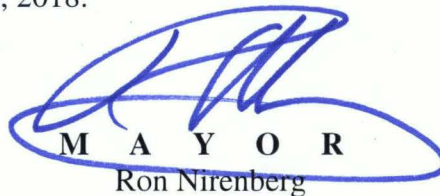
**SECTION 7.** Assessments and other contributions to the SATPID collected by the City shall be deposited in Fund 69024000, SA Tourism Public Impmt District Fund, Internal Order 207000000296, Assessment Collection: Private, and General Ledger 4101300, Improvement District - Current.

**SECTION 8.** Special assessment revenues are authorized to be paid to the San Antonio Public Improvement District Corporation, a non-profit entity, for services rendered to the SATPID. The payments to the San Antonio Public Improvement District Corporation are after payment to the City for associated administrative costs.

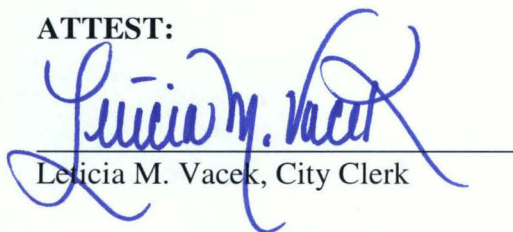
**SECTION 9.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

**SECTION 10.** Upon passage by at least eight affirmative votes, this Ordinance shall become effective upon publication in a newspaper as required by Section 372.010(b) of the Texas Local Government Code. If passed by less than eight affirmative votes, this Ordinance shall become effective on the later of the tenth day after passage or upon publication in a newspaper as required by Section 372.010(b).

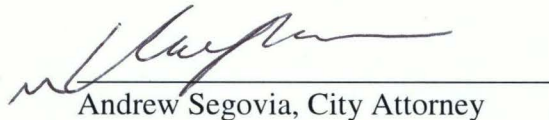
**PASSED AND APPROVED** this 6<sup>th</sup> day of December, 2018.

  
M A Y O R  
Ron Nirenberg

**ATTEST:**

  
Leticia M. Vacek, City Clerk

**APPROVED AS TO FORM:**

  
Andrew Segovia, City Attorney

<b>Agenda Item:</b>	<b>4C ( in consent vote: 4A, 4B, 4C )</b>						
<b>Date:</b>	12/06/2018						
<b>Time:</b>	11:43:15 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	Ordinance establishing the San Antonio Tourism Public Improvement District; specifying the nature and cost of the proposed improvements; establishing District boundaries; specifying the method of assessment; providing for the apportionment of costs between the City and the District; levying an assessment rate of 1.25% of the gross short-term room rental revenue of qualified hotels within the District; and providing for the method of payment of the assessment. [Ben Gorzell, Chief Financial Officer]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

<b>Agenda Item:</b>	<b>4C ( in consent vote: 4A, 4B, 4C )</b>						
<b>Date:</b>	12/06/2018						
<b>Time:</b>	11:47:43 AM						
<b>Vote Type:</b>	Motion to Reconsider						
<b>Description:</b>	Ordinance establishing the San Antonio Tourism Public Improvement District; specifying the nature and cost of the proposed improvements; establishing District boundaries; specifying the method of assessment; providing for the apportionment of costs between the City and the District; levying an assessment rate of 1.25% of the gross short-term room rental revenue of qualified hotels within the District; and providing for the method of payment of the assessment. [Ben Gorzell, Chief Financial Officer]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				x
William Cruz Shaw	District 2		x			x	
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				



<b>Agenda Item:</b>	<b>4C ( in consent vote: 4A, 4B, 4C )</b>						
<b>Date:</b>	12/06/2018						
<b>Time:</b>	11:48:07 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	Ordinance establishing the San Antonio Tourism Public Improvement District; specifying the nature and cost of the proposed improvements; establishing District boundaries; specifying the method of assessment; providing for the apportionment of costs between the City and the District; levying an assessment rate of 1.25% of the gross short-term room rental revenue of qualified hotels within the District; and providing for the method of payment of the assessment. [Ben Gorzell, Chief Financial Officer]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4			x			
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				



## Introduction

**Visit San Antonio is responsible for the marketing and promotion of San Antonio**

- In October 2016, City Council approved a Management Agreement with Visit San Antonio (VSA), a 501c(6) public/private entity
  - Key element – explore additional funding opportunities
- VSA & San Antonio Hotel & Lodging Association brought forward the proposed creation of a Tourism Public Improvement District (TPID)
- State Law outlines the process & requirements for creation of a TPID





## SA TPID Timeline

Date	Description
2016 - 2017	Town Hall Meetings and Stakeholder Meetings
Aug 30, 2017	B Session: VSA FY2018 Budget Presentation
May-Jun 2018	Individual City Council and Stakeholder Briefings
Jun 5, 2018	Economic & Workforce Council Committee: TPID Briefing
Jun 21, 2018	A Session: Approved Master Contract, Petition, Service Plan
Jul - Oct 2018	Collection of Petition Signatures Begins
Aug 29, 2018	B Session: VSA FY2019 Budget Presentation
Dec 5, 2018	B Session: TPID Briefing
Dec 6, 2018	A Session: Public Hearing, Petition Certification, Establish TPID
Jan 2019	TPID Effective



3

## December 6, 2018: City Council A - Session

- **Public Hearing** regarding:
  - Advisability of TPID creation
  - 1.25% Assessment Rate
- **Verification** of Petitions (over 60% ownership and Assessed value)
- **Establishment** of SA TPID and associated Master Contract and Service Plan

City Staff recommends approval



4



## SA TPID Opportunity

- Competitive Landscape
- Market Share
- VSA Marketing Budget



5

## TPID Operation

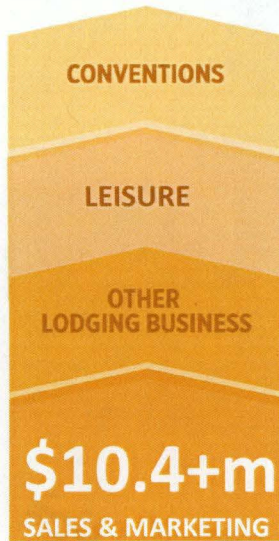
- How it works
  - Hotels remit 1.25% Assessment fee to City for allocation to VSA
  - TPID Board directs VSA on sales and marketing programs within the respective zones
  - Annual TPID Service Plan, that is consistent with the approved 8 year service plan, is presented to City Council each year
- Lodging activity boosted through enhanced funding for marketing and sales focused on transient business, group meetings, conventions, and business travel activity.



6



## SA TPID Budget Allocation



**90+%** of SA TPID budget will support increased sales and marketing initiatives which will be overseen by a **SATPID Corporation (SATPIDC) Board of Directors**

7:1 established return on the investment threshold

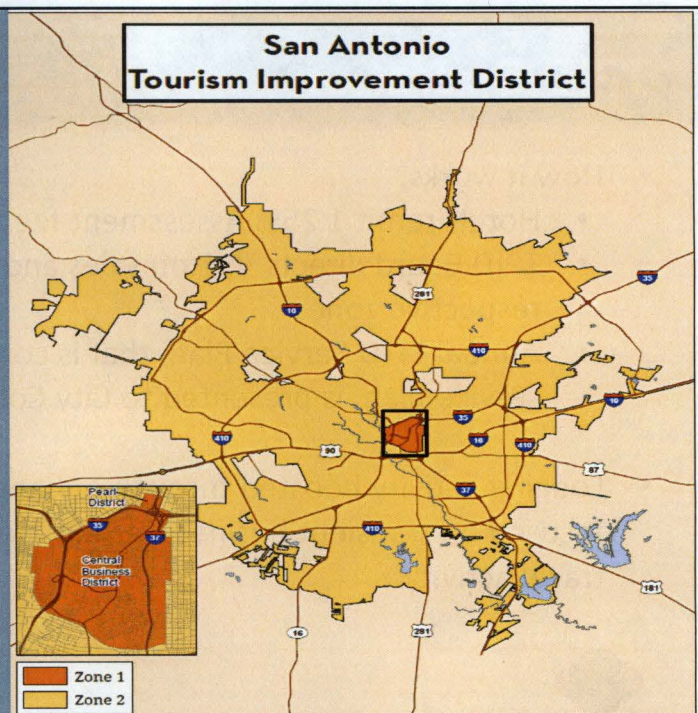


7

## Proposed TPID Zones

**Zone 1**

**Zone 2**







**SAN ANTONIO**  
HOTEL & LODGING ASSOCIATION

# **Tourism Public Improvement District A - Session Presentation**

**December 6, 2018**