

# Mayor and Council Communication

**DATE:** 05/13/25

**M&C FILE NUMBER:** M&C 25-0422

**LOG NAME:** 17PID18 MIDYEAR FY25

## **SUBJECT**

(ALL) Conduct Public Benefit Hearing Concerning the Following Matters Related to Fort Worth Public Improvement District No. 18 – Tourism: (1) Expansion of the Tourism Public Improvement District to Include One Additional Hotel, (2) the Updated and Revised Fiscal Year 2024-2025 Budget and Three-Year Service Plan, and (3) the 2024-2025 Assessment for the Additional Hotel Property; Adopt Resolution Authorizing and Expanding the Tourism Public Improvement District to Include One Additional Hotel Property; Approve Attached Revised 2024-2025 Assessment Roll; Adopt Ordinance Levying Special Assessments on the Additional Hotel Property for Fiscal Year 2024-2025; Adopt Resolution Updating and Revising the Tourism Public Improvement District's Fiscal Year 2024-2025 Budget and Three-Year Service Plan; and Adopt Appropriation Ordinance

(PUBLIC HEARING - a. Staff Available for Questions: Crystal Hinojosa; b. Public Comment; c. Council Action: Close Public Hearing and Act on M&C)

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Conduct a Public Benefit Hearing Concerning the following matters related to Fort Worth Public Improvement District No. 18 – Tourism: (1) Expansion of the Tourism Public Improvement District to include one additional hotel property, (2) the updated and revised Fiscal Year 2024-2025 Budget and Three-Year Service Plan, and (3) the 2024-2025 Assessment for the additional hotel;
2. Adopt the attached Resolution: (i) making certain findings concerning the nature and advisability of special improvements and services to be provided for the benefit of the additional hotel to be included in the Tourism Public Improvement District, the estimated costs of such improvements and services, the method of assessment, the boundaries of the Tourism Public Improvement District, and the apportionment of costs between the Tourism Public Improvement District and the City, as a whole; and (ii) authorizing and expanding the Tourism Public Improvement District to include one additional hotel property;
3. Direct City Staff to record a copy of the Assessment Ordinance in the real property records of the appropriate county no later than the seventh (7th) day after adoption by the City Council;
4. Approve the attached revised 2024-2025 Assessment Roll;
5. Adopt the attached ordinance levying special assessments on the additional hotel property for Fiscal Year 2024-2025,
6. Adopt the attached resolution updating and revising the Tourism Public Improvement District's Fiscal Year 2024-2025 Budget and Three-Year Service plan; and
7. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Fort Worth Public Improvement District 18 - Tourism Fund in the amount of \$350,000.00, from available, unreserved fund balance, for the purpose of funding mid-year budget adjustments.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to conduct a public hearing concerning the expansion of the Tourism Public Improvement District (PID) to include one additional hotel property, the updated and revised Fiscal Year 2024-2025 budget and three-year service plan, and the 2024-2025 assessment for the additional hotel, along with certain actions related thereto.

On August 29, 2017, the City Council adopted Resolution No. 4837-08-2017, establishing the Tourism PID (Establishing Resolution). The City Council subsequently adopted Resolution Nos. 5264-08-2020 (August 18, 2020), 5382-04-2021 (April 13, 2021), Resolution No. 5467-09-2021 (September 14, 2021), Resolution No. 5561-04-2022 (April 12, 2022), 5958-05-2024 (May 14, 2024), and 5998-08-2024 (August 27, 2024) expanding the boundaries of the Tourism PID to include additional hotel properties (Expansion Resolutions).

### **Expansion of the Tourism PID**

#### **Boundaries and Petition:**

The current boundaries of the Tourism PID consist of noncontiguous areas authorized under Section 372.0035 of the Texas Local Government Code (Code) consisting solely of hotel properties with 100 or more rooms ordinarily used for sleeping within the City of Fort Worth. A list of the hotels that are included within the boundaries of the Tourism PID is included in the Original and Expansion Resolutions and attached hereto.

Senate Bill (SB) 804, 87th Texas Legislature (2021), which went into effect on June 14, 2021, revised Section 372.0121 of the Code to clarify the ability of cities to add new hotels into an existing Tourism PID. One of the new provisions affects the way in which the City calculates (or recalculates) the percentage threshold for adding new hotels into the Tourism PID. SB 804 requires the City to update and recalculate each of the percentage thresholds set forth below every time a new hotel property is added to the Tourism PID. Conversely, the prior version of Section 372.0121 only required the City to calculate the impact that the new hotel property had on the pre-existing thresholds. For example, under SB 804, the City has to update and recalculate the appraised value of each and every existing property in the Tourism PID each time that a new hotel is

added; whereas, under the prior legislation, the City simply carried forward the values of the existing hotel properties from the year the hotel properties entered into the Tourism PID.

Section 372.0121, as revised, allows the City Council to include additional properties in the Tourism PID if (i) the property is a hotel and (ii) a sufficient number of the record owners of the real property currently included and proposed to be included in the Tourism PID have consented to be included in the Tourism PID by signing the original petition to establish the district or by signing a petition or written consent to include property in the Tourism PID. The number of consenting record owners is sufficient if (1) the record owners own more than 60% of appraised value of taxable real property liable for assessment in the Tourism PID; and either (i) constitute more than 60% of all record owners of taxable real property liable for assessment in the Tourism PID, or (ii) own, in aggregate, more than 60% of the area of all taxable real property liable for assessment in the Tourism PID. If the addition of the new properties results in these numbers dropping at or below the 60% threshold, then the properties may not be added.

Inclusion of the Le Meridien Hotel, located at 811 Commerce Street, Fort Worth, Texas 76102, meets both of the above-stated elements, therefore the hotel may be considered by the City Council for inclusion into the Tourism PID.

First, the Le Meridien is a hotel property.

With regard to the second element, the City Council found that the previous two petitions (original and expanded) complied with Section 372.005 (b-1) of the Code because they had met the necessary percentages. The property owners, or their duly authorized representatives, for the new hotel property, have signed a petition requesting inclusion within the Tourism PID. This results in an increase to 81.79% of the appraised value of taxable real property liable for assessment, 70.39% for the area of all taxable real property liable for assessment, and 67.80% of record owners liable for assessment. Because the percentages are still above the 60.00% threshold, the properties meet the second element.

**Nature of the Improvements:**

The goals of the Tourism PID focus on increasing the economic impact and enhancing competitiveness in conventions, meetings, leisure and sports tourism, and increasing tourism-related economic activity at all times, including during economic downturns and as inventory grows. The Tourism PID projects include incentives and sales efforts, convention and sports marketing and promotion, site visits and familiarization tours, community arts grants, convention services, event funding applications, operations, research, and administration, all of which benefit the hotels within the Tourism PID.

**Method of Assessment and Apportionment of Costs:**

The assessment rate will be an amount equal to 2.00% of the consideration received from the occupancy of any sleeping room furnished by a hotel located within the Tourism PID, with such assessment to be collected in the same manner and in accordance with the same procedures as those established for the collection of the City's Hotel Occupancy Tax, as set forth in Chapter 32, Article II of the City Code, as amended. The entire costs of each improvement and service will be paid from the above-stated assessments and no City funds will be used to pay any portion of such costs unless such funding is approved by the City Council on a case-by-case basis.

**Estimated Costs of the Improvements and Services:**

The total estimated costs for the proposed services and improvements for the life of the Tourism PID (approximately three years) will be \$24,190,000.00, which includes an estimated cost of \$350,000.00 for the Fiscal Year 2024-2025 Mid-Year Budget Adjustment. The updated and revised budget and three-year service plan is set forth in more detail below and attached. The final version will be subject to approval by the City Council. The estimated costs of the proposed improvements and services to be provided in subsequent years will be subject to future annual budget and service and assessment plans adopted by the City Council in accordance with the Code. The actual costs of improvements and services will be determined in accordance with the approved budget and service plan to be adopted by City Council and will be paid from Tourism PID assessments.

**Advisability:**

Staff recommends that the City Council find that these improvements and services are advisable because they will promote the interests of the City and confer a special benefit on the assessed properties within the expanded boundary of the Tourism PID.

**Staff recommendation:**

The Petition has been examined, verified, and found by City staff to meet the requirements of the Code. Therefore, staff recommends that the City Council find that the Petition to include the above-stated three hotel properties meets the requirements of the Code.

**Tourism PID Mid-Year Adjustments**

The Tourism PID is funded through a 2% assessment on the consideration received from occupancy of any sleeping room furnished by a hotel in the Tourism PID. Due to the most recent forecast analysis, Tourism PID assessment revenue is now projected to be 4.73% or \$350,000.00 more than originally budgeted. The budgeted expenses show an increase in each category line item for the current fiscal year service plan (see table below).

**Revenue adjustments:**

Line Items to be Adjusted	Previously Approved FY25 Budget Item	Recommended Mid-Year Adjustment	Amended FY25 Budget Item

PID Assessments	\$7,400,000.00	\$350,000.00	\$7,750,000.00
<b>Totals</b>	<b>\$7,400,000.00</b>	<b>\$350,000.00</b>	<b>\$7,750,000.00</b>

**Expenditures adjustments:**

Line Items to be Adjusted	Previously Approved FY25 Budget Item	Recommended Mid-Year Adjustment	Amended FY25 Budget Item
Incentives & Sales Efforts	\$3,782,675.00	\$180,250.00	\$3,962,925.00
Marketing and Research (Promotion/ Advertising)	\$2,570,750.00	\$122,500.00	\$2,693,250.00
Site Visits & Familiarization Tours	\$146,900.00	\$7,000.00	\$153,900.00
Cultural Enhancements through Marketing and promotion of the Arts	\$550,875.00	\$26,250.00	\$577,125.00
Operations & Administration	\$293,800.00	\$14,000.00	\$307,800.00
City Administrative Fee	\$55,000.00	\$0.00	\$55,000.00
<b>Totals</b>	<b>\$7,400,000.00</b>	<b>\$350,000.00</b>	<b>\$7,750,000.00</b>

Staff supports Fort Worth Tourism PID Corporation and Convention & Visitor Bureau's recommended mid-year budget adjustments. Upon approval of the above recommendations, the total budgeted expenses for FY 2024-2025 will be \$7,750,000.00. The revised Budget and three-year service plan will take effect upon approval by City Council. The proposed changes to the Tourism PID’s FY 2024-2025 budget complies with the City’s reserve requirements.

Funding is available for appropriation in the fund balance of the FWPID #18 - Tourism Fund. The beginning balance is \$7,902,711.97, After this M&C, the available balance will be \$7,552,711.97.

The Tourism PID properties are located in ALL COUNCIL DISTRICTS.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the recommendations and adoption of the attached appropriation ordinance, funds will be available in the current operating budget, as appropriated, in the FWPID #18 - Tourism Fund. Prior to any expenditure being incurred, the Economic Development Department has the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:**    Jessica McEachern    5804

**Originating Business Unit Head:**                      Kevin Gunn                      2015

**Additional Information Contact:**                      Crystal Hinojosa                      7808