

Mayor and Council Communication

DATE: 08/18/20

M&C FILE NUMBER: M&C 20-0551

LOG NAME: 13FMS PID18EXPANDTPID

SUBJECT

(ALL) Conduct Public Benefit Hearing to Declare the Sufficiency of a Petition to Include Additional Hotels within the Fort Worth Public Improvement District No. 18 - Tourism PID and Adopt a Resolution authorizing and expanding Fort Worth Public Improvement District No. 18 Tourism PID to Include Additional Hotels

(PUBLIC HEARING - a. Report of City Staff: Anthony Rousseau; b. Public Comment; c. Council Action: Close Public Hearing and Act on the M&C)

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a public benefit hearing concerning the sufficiency of a petition to include five (5) additional hotels within the Fort Worth Public Improvement District 18 – Tourism;
2. Find that the petition requesting inclusion into the Fort Worth Public Improvement District 18 – Tourism meets the requirements set forth in Chapter 372 of the Texas Local Government Code;
3. 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 hotels to be included in the Fort Worth Public Improvement District 18 – Tourism, the estimated costs of such improvements and services, the method of assessment, the boundaries of the Tourism, and the apportion of costs between the Fort Worth Public Improvement District 18 – Tourism PID and the City, as a whole, and (ii) authorizing and expanding the Tourism to include five (5) additional hotels; and
4. Direct the City Secretary to public notice of the expansion of the Fort Worth Public Improvement District 18 – Tourism as required by Chapter 372 of the Texas Local Government Code.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to expand the boundaries of Fort Worth Public Improvement District 18 - Tourism (Tourism PID) through the inclusion of five (5) additional hotel properties.

On August 29, 2017, the City Council adopted Resolution No. 4837-08-2017, establishing the Tourism PID (Original Resolution).

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 original hotels that are included within the boundaries of the Tourism PID is included in the Original Resolution, a copy of which is attached to this M&C.

Section 372.0121 of the Code allows the City Council to include additional properties in the Tourism PID if (i) the property is a hotel and (ii) the property could have been included in the Tourism PID without violating Section 372.005(b-1) of the Code when the Tourism PID was created regardless of whether the record owners of the property signed the original petition. With regard to the second element, the Code requires the petition to be signed by the record owners of taxable real property liable for assessment that constitute more than 60% of the appraised value and area of all taxable property liable for assessment within 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.

The properties to be included in the Tourism PID as part of this M&C meet both of the above-stated elements and, therefore, may be considered by the City Council for inclusion into the Tourism PID.

First, the following five properties to be included in the Tourism PID are all hotels:

- a. Hyatt Place Fort Worth, TCU, 2500 West Berry Street, Fort Worth, Texas 76109 (Noticed in the newspaper as 3029 Sandage Ave, Fort Worth, Texas 76109; due to pending TAD account verification)
- b. Kimpton Hotel, 714 Main Street, Fort Worth, Texas 76102
- c. AC Hotel Fort Worth Downtown, 101 West 5th Street/610 Main St., Fort Worth, Texas 76102
- d. OGC Main Street, Spring Hill Suites – 2315 N. Main Street, Fort Worth, Texas 76164
- e. Moon Hotel Alliance, Hyatt Place – 3201 Alliance Town Center, Fort Worth, Texas 76177

With regard to the second element, the City Council found that the original petition complied with Section 372.005(b-1) of the Code because it had been signed by record owners of taxable real property liable for assessment that constitute: (a) 73.13% of the appraised value of taxable real

property liable for assessment and (b) 62.96% of the area of all taxable real property liable for assessment (M&C BH-366). The property owners, or their duly authorized representatives, for all five hotel properties have signed a petition requesting inclusion within the Tourism PID. This results in an increase to 73.9% of appraised value of taxable real property liable for assessment and 64.4% for the area of all taxable real property liable for assessment. Because the percentages are still above the 60% 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 application, 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 two percent (2%) 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 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 7 years) will be \$37,220,037.00, which includes an estimated cost of \$4,178,453.00 for the Fiscal Year 2021. Assessments will begin on October 1, 2020.

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.

Upon the close of the public hearing, staff recommends that the City Council declare the petition to expand the Tourism PID to include the five additional hotel properties to be sufficient and adopt the attached Resolution making findings concerning the following and expanding the Tourism PID:

- The apportionment of costs between the Tourism PID and the City, as whole.
- The proposed method of assessment; and
- The expanded boundaries of the Tourism PID;
- The estimated costs of the proposed improvements and services;
- The general nature of the proposed improvements and services;
- The advisability of expanding the Tourism PID;

Upon adoption of the Resolution, the new hotel properties will be included within the boundaries of the Tourism PID, effective on the date that City Council's authorization to expand the Tourism PID has been published in a newspaper of general circulation and will expire on the date set forth in the Original Resolution.

The City Council will hold two public hearings to consider the proposed budget, plan of service, and levy of assessments against property within the PID, which will be held during the regular City Council meetings on Tuesday, August 18, 2020, and Tuesday, August 25, 2020. The City Council is expected to take final action and vote on the proposed budget, plan of service, and levy of assessments following the close of the hearing on August 25, 2020.

These 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 approval of these recommendations will have no material effect on City funds.

Submitted for City Manager's Office by: Jay Chapa 5804

Originating Business Unit Head: Reginald Zeno 8517

Additional Information Contact: Crystal Hinojosa 7808

