

Mayor and Council Communication

DATE: 04/12/22

M&C FILE NUMBER: M&C 22-0269

LOG NAME: 17PID18EXPANDTPIDAMENDFY22

SUBJECT

(ALL) Conduct Public Benefit Hearing Concerning the Following Matters Related to Fort Worth Public Improvement District No. 18 - Tourism (Tourism PID): (1) Expansion of the Tourism PID to Include One Additional Hotel Property and the Advisability of the Improvements and Services to be Undertaken, and (2) the 2021 Assessment for the Additional Hotel; Find for the Sufficiency of the Attached Petition Requesting Expansion of the Tourism PID; Approve the Filing of the Attached Revised 2021 Assessment Roll

(PUBLIC HEARING - a. Report of City Staff: Crystal Hinojosa; b. Citizen Presentations; c. Council Action: Close Public Hearing and Act on M&C)

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a public benefit hearing concerning the following matters related to the Tourism PID:
 - Expansion of the Tourism PID;
 1. Advisability of the improvements and/or services;
 2. General nature of the proposed improvements and/or services;
 3. Estimated costs of the improvements and/or services;
 4. Proposed boundaries of the expanded Tourism PID;
 5. Method of Assessment; and
 6. Apportionment of Costs between the Tourism PID and the City, as a whole
 - 2021 Assessment for the Additional Hotel
2. Find that the attached petition requesting inclusion into the Tourism PID meets the requirements set forth in Chapter 372 of the Texas Local Government Code;
3. Approve the filing of the attached, revised 2021 Assessment Roll with the City Secretary for public inspection, to include the one additional hotel; and
4. Set a public benefit hearing for April 26, 2022, beginning at 10:00 a.m. for final approval of the Expansion of the Tourism PID and the 2021 Assessment for the additional hotel.

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 one (1) additional hotel property.

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), and 5467-09-2021 (September 14, 2021) 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, copies of which are attached to this M&C within the Petition.

Senate Bill 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 of the Code 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 PD. 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 aggregates, more than 60% of the are of all taxable real property liable for assessment in the Tourism PID. If the addition of the new property results in these numbers dropping at or below the 60% threshold, then the property may not be added.

Inclusion of the Four Points by Sheraton Hotel, located at 6828 North Freeway, Fort Worth, Texas 76137 (Four Points) meets the above-stated elements and, therefore, may be considered by the City Council for inclusion into the Tourism PID.

First, the Four Points is a hotel property.

With regard to the second element, the property owner, or its duly authorized representative, for the new hotel property, has signed a petition requesting inclusion within the Tourism PID. This results in an increase to 79.93% of the appraised value of taxable real property liable for assessment, 67.60% for the area of all taxable real property liable for assessment, and 64.91% of record owners liable for assessment. Because the percentages are still above the 60.00% threshold, inclusion of the Four Points the property 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 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 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.

Costs of the Improvements and Services:

The total costs for the adopted services and improvements for the life of the Tourism PID (approximately six years) will be \$27,737,196.00, which includes an estimated cost of \$3,950,000.00 for the Fiscal Year 2021-2022 budget. Assessments for this fiscal year began on October 1, 2021.

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 hotel property meets the requirements of the Code.

Next Steps

The City Council will hold a public hearing to consider the expansion of the Tourism PID and levy of assessments against the new hotel property within the Tourism PID, which will be held during the regular City Council meeting on Tuesday, April 26, 2022 at 10:00 A.M. The City Council is expected to take final action and vote on the same following the close of that hearing, but may choose to continue the item to a future meeting. Notice of the April 26, 2022 hearing and this hearing were published in the *Fort Worth Star-Telegram* on March 25, 2022, and mailed to all hotel owners/operators on record in the Tourism PID on March 25, 2022, in accordance with state law.

The revised 2021 assessment roll for the Tourism PID is on file with the City Secretary and available for public inspection during normal business hours at any time prior to April 26, 2022, Public Benefit Hearing.

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: Reginald Zeno 8517

Originating Business Unit Head: Robert Sturns 2663

Additional Information Contact: Crystal Hinojosa 7808

Expedited