

Mayor and Council Communication

DATE: 09/14/21

M&C FILE NUMBER: M&C 21-0636

LOG NAME: 17ED PID18EXPANDTPID

SUBJECT

(ALL) Conduct Public Benefit Hearing Concerning the Expansion of Fort Worth Public Improvement District No. 18 - Tourism (Tourism PID) to Include One Additional Hotel Property; Find for the Sufficiency of the Attached Petition Requesting Expansion of the Tourism PID; and Adopt the Attached Resolution Authorizing and Expanding the Tourism PID to Include the Additional Hotel Property

(PUBLIC HEARING - a. Report of City Staff: Crystal Hinojosa; 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 expansion of the Fort Worth Public Improvement District 18 – Tourism (Tourism PID) to include one additional hotel property;
 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. 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 PID, the estimated costs of such improvements and services, the method of assessment, the boundaries of the Tourism PID, and the apportionment of costs between the Tourism PID and the City, as a whole, and (ii) authorizing and expanding the Tourism PID to include one (1) additional hotel; and
 4. Direct the City Secretary to publish notice of the expansion of the Tourism PID as required by Chapter 372 of the Texas Local Government Code.
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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) and 5382-04-2021 (April 13, 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 and attached hereto.

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 everytime 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 60.00% threshold, then the properties may not be added.

Inclusion of the Sandman Signature Hotel, located at 810 Houston Street, Fort Worth, Texas 76102 ("Sandman") meets the above-stated elements and, therefore, may be considered by the City Council for inclusion into the Tourism PID.

First, the Sandman Signature Hotel is a hotel property.

With regard to the second element, the property owner, or its duly authorized representatives, for the Sandman, signed a petition requesting inclusion within the Tourism PID. This results in an increase from 75.7% to 79.87% of the appraised value of taxable real property liable for assessment and from 63.2% to 67.29% of the area of all taxable real property liable for assessment. Although the Sandman has petitioned to be included in the Tourism PID, the percentage of record owners liable for assessment decreased from 66.9% to 64.29% because the two hotels below dropped out of the Tourism PID. Because the percentages are still above the 60.00% threshold, inclusion of the Sandman meets the second element.

NOTE: Crossland Economy Studios - Fossil Creek located at 3804 Tanacross Drive, a hotel property that was a part of the original petition converted to permanent supportive housing in September of 2020 and is no longer considered a hotel by use and will no longer be included in the Tourism PID boundary.

NOTE: Hawthorn Suites (University) – located at 1701 South University Drive, a hotel property that was part of the original petition is no longer in existence and will no longer be included in the Tourism PID boundary.

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 2.00% 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 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 will begin 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.

Upon the close of the public hearing, staff recommends that the City Council declare the petition to expand the Tourism PID to include the one additional hotel property 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;
- 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; and
- The advisability of expanding the Tourism PID.

Upon adoption of the Resolution, the Sandman 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 Tourism PID, which will be held during the regular City Council meetings on Tuesday, September 14, 2021, and Tuesday, September 21, 2021 at 7:00 P.M. 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 September 21, 2021.

Notice of this public hearing was published in the Star-Telegram and mailed to the appropriate property owners on August 27, 2021, which complies with the notice requirements under the Act.

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: Robert Sturns 2663

Additional Information Contact: Crystal Hinojosa 7808

Expedited