

**One-Reading Ordinance authorizing the levy of an assessment at the rate of 2% of taxable room-nights sold at qualifying hotels located within the Corpus Christi Tourism Public Improvement District (the “District”); setting the method of payment for the assessment; approving the Service Plan for the District; authorizing an agreement between the City, the Corpus Christi Area Convention and Visitors’ Bureau, and the Corpus Christi Tourism Public Improvement District Corporation regarding the management of the District; appropriating \$750,000.00 in revenue for FY 2022 from the District; and amending the operating budget.**

**WHEREAS**, Chapter 372, as amended, Texas Local Government Code (the Act) authorizes the creation of public improvement districts and the levy of assessments against property within the district to pay the costs of public improvement projects that confer a special benefit on property within such district; and

**WHEREAS**, Section 372.0035 authorizes the creation of public improvement districts common characteristic or use for project in municipalities, specifically authorizing the creation of a tourism public improvement district made up of one or more hotels within the City limits; and

**WHEREAS**, the City received a petition for the creation of the Corpus Christi Tourism Public Improvement District (the “District”) from the owners of several hotels within the City on May 18, 2022 (“the Petition”); and

**WHEREAS**, the Petition, has been examined, verified, and found to meet the requirements of Section 372.005(b-1) of the Act and City Council approved the creation of the District by resolution on June 28, 2022; and

**WHEREAS**, the Petition included a Service Plan that calls for an assessment at the rate of 2% of taxable room-nights sold at qualifying hotels located within the District; and

**WHEREAS**, the City Council finds that it is in the best interests of the residents of the City of Corpus Christi to adopt the proposed Service Plan with some minor changes as required to comply with the State law and to update the anticipated revenue numbers; and

**WHEREAS**, the District will be managed by the Corpus Christi Tourism Public Improvement District Corporation (“CCTPIDC”) in conjunction with the Corpus Christi Area Convention and Visitors’ Bureau (“VCC”) in accordance with an agreement between the City, VCC, and CCTPIDC; and

**WHEREAS**, it is contemplated that no bond funding will be used for the District; and

**WHEREAS**, after providing the notices required by Section 372.016 of the Act, the City Council, on June 28, 2022, conducted a public hearing on the assessment to be levied as a special assessment within the District; and

**WHEREAS**, after all persons having an interest in the creation of the District were given the opportunity to be heard, the City Council closed the public hearing; and

**WHEREAS**, the City Council has determined that the approval of this Resolution is in the best interest of the City and its residents; **NOW THEREFORE**,

**BE IT ORDAINED BY THE CITY COUNCIL FOR THE CITY OF CORPUS CHRISTI, TEXAS:**

**SECTION 1.** 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 2.** A special assessment rate of 2% of the gross hotel room night revenue of hotels with 40 or more rooms ordinarily used for sleeping within the District is levied to fund improvements and services in the District. The assessment shall begin August 1, 2022. The gross hotel room night revenue will be self-reported by hotels within the District and remitted on a monthly basis in the same method used to remit payment for Hotel Occupancy Tax, which is currently due on the 20<sup>th</sup> of each month. The assessment will only apply in instances where the hotel occupancy tax is required to be collected.

**SECTION 3.** The Service Plan for the District, as attached hereto as **Exhibit A**, is approved.

**SECTION 4.** The City Manager or designee is authorized to execute a three-party agreement between City, the Corpus Christi Area Convention and Visitors' Bureau, and the Corpus Christi Tourism Public Improvement District Corporation regarding the management of the District.

**SECTION 5.** That District revenues in the amount of \$750,000 are appropriated into the CCTPID Fund for use in accordance with the Service Plan and the three-party agreement.

**SECTION 6.** That the FY2021-22 operating budget as adopted by Ordinance No. 032539 is amended to increase revenue and expenditures.

**SECTION 7.** Upon written request of the Mayor or five City Council members, copy attached, the City Council: (1) finds and declares an emergency due to the need for immediate action necessary for the efficient and effective administration of City affairs and (2) suspends the Charter rule that requires consideration of and voting upon ordinances at two regular meetings so that this ordinance is passed and takes effect upon first reading as an emergency measure on this \_\_\_\_ day of \_\_\_\_\_, 2022.

ATTEST:

CITY OF CORPUS CHRISTI

\_\_\_\_\_  
Rebecca Huerta  
City Secretary

\_\_\_\_\_  
Paulette Guajardo  
Mayor

\_\_\_\_\_ day of \_\_\_\_\_, 2022.

TO THE MEMBERS OF THE CITY COUNCIL  
Corpus Christi, Texas

For the reasons set forth in the emergency clause of the foregoing ordinance, an emergency exists requiring suspension of the Charter rule as to consideration and voting upon ordinances at two regular meetings: I/we, therefore, request that you suspend said Charter rule and pass this ordinance finally on the date it is introduced or at the present meeting of the City Council.

Respectfully,

Respectfully,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Paulette Guajardo  
Mayor

Council Members

The above ordinance was passed by the following vote:

Paulette Guajardo \_\_\_\_\_  
Roland Barrera \_\_\_\_\_  
Gil Hernandez \_\_\_\_\_  
Michael Hunter \_\_\_\_\_  
Billy Lerma \_\_\_\_\_  
Michael Hunter \_\_\_\_\_  
John Martinez \_\_\_\_\_  
Ben Molina \_\_\_\_\_  
Greg Smith \_\_\_\_\_

## Exhibit A

### Corpus Christi Tourism Public Improvement District (CCTPID)

#### Service Plan

The proposed Corpus Christi Tourism Public Improvement District (CCTPID) would supplement the existing sales and marketing budget in order to generate increased leisure, business, and large group business to Corpus Christi hotels and short-term rentals. The Service Plan is formulated to positively impact this visitation to Corpus Christi overnight accommodations through strategic expenditures that must be approved and are overseen by a Board of Directors for the Tourism District. The voting members of this TPID Board of Directors is solely composed of a proportionately representative group of hoteliers and short-term rentals from within the city. The proposed Tourism Public Improvement District is designed to ensure that the Corpus Christi Convention and Visitors Bureau is able to successfully compete with Texas cities and other cities across the country for an increased market share of leisure, event, and group travel.

#### ANNUAL INDEBTEDNESS

**No bonded indebtedness.** The improvements/expenditures of the CCTPID will not be debt-funded. Annual expenditures will be funded with the annual assessments as described below.

#### PROJECTED EXPENDITURES

The CCTPID budget would be allocated as shown in the table below.

SERVICE PLAN	%	\$
Marketing	50%	\$18,894,892
Sales	43%	\$16,249,607
Research and Administration	5%	\$1,889,489
Contingency Funds	2%	\$755,796
<b>TOTAL</b>	<b>100%</b>	<b>\$37,789,784</b>

The estimated budget for the TPID for the ten-year term of the District (2021-2031) is shown in the table below. The estimated budget is forecasted to increase by three percent (3%) per year. Expenditures of the TPID are limited to actual collections, which cannot exceed the 2% assessment on each taxable room night sale by Corpus Christi hotels with 40 or more rooms, as defined in the TPID petition. The TPID will follow established statutory procedures for the addition of newly built eligible hotels into the Corpus Christi TPID. If actual TPID receipts exceed service plan estimates or if actual TPID receipts exceed actual TPID expenditures within a service plan category, any surplus TPID revenues will be reserved by the TPID for use in the subsequent year of the service plan according to the established Service Plan allocations.

**10-Year Service Plan Category Percentages and Amounts**

<b>Year</b>	<b>Marketing</b>	<b>Sales</b>	<b>Research &amp; Administration</b>	<b>Contingency Funds</b>	<b>Total</b>
	50%	43%	5%	2%	100%
2021-2022	\$375,000	\$322,500	\$37,500	\$15,000	\$750,000
2022-2023	\$1,750,000	\$1,505,000	\$175,000	\$70,000	\$3,500,000
2023-2024	\$1,820,000	\$1,565,200	\$182,000	\$72,800	\$3,640,000
2024-2025	\$1,892,800	\$1,627,808	\$189,280	\$75,712	\$3,785,600
2025-2026	\$1,968,512	\$1,692,920	\$196,851	\$78,740	\$3,937,024
2026-2027	\$2,047,252	\$1,760,637	\$204,725	\$81,890	\$4,094,505
2027-2028	\$2,129,143	\$1,831,063	\$212,914	\$85,166	\$4,258,285
2028-2029	\$2,214,308	\$1,904,305	\$221,431	\$88,572	\$4,428,617
2029-2030	\$2,302,881	\$1,980,477	\$230,288	\$92,115	\$4,605,761
2030-2031	\$2,394,996	\$2,059,696	\$239,500	\$95,800	\$4,789,992
2031-2032	\$2,394,996	\$2,059,696	\$239,500	\$95,800	\$4,981,591
<b>Total</b>	<b>\$18,894,892</b>	<b>\$16,249,607</b>	<b>\$1,889,489</b>	<b>\$755,796</b>	<b>\$37,789,784</b>

**PROJECTED CORPUS CHRISTI TOURISM PUBLIC IMPROVEMENT DISTRICT SERVICES**

**Marketing (Advertising and Promotion) Initiatives**

Fifty percent (50 %) of the annual TPID budget will be allocated to increased marketing initiatives to drive more hotel activity to Corpus Christi. All advertising and promotion initiatives will be designed to increase awareness and travel within the leisure market for segments of the market that are not currently being reached by Visit Corpus Christi, out of state, and international markets. Such initiatives may include but are not limited to:

Programs to increase demand through:

**Marketing & PR Campaigns**

*Current hotel occupancy tax fund levels do not allow Visit Corpus Christi the ability to conduct the level of campaigns noted below. Existing VCC brand campaigns would utilize TPID funds to better reach the below noted and other essential markets. VCC would have the ability to expand the reach of these campaigns to areas there were not within our prior budget capacity, but for which data suggests a strong ROI for such marketing initiatives.*

## **Central North Texas Campaign**

Historically VCC has focused on marketing in the San Antonio, Houston and RGV areas. VCC has not had sufficient funding to effectively promote Corpus Christi in the other key potential target markets of Austin and the DFW Metroplex. Competing cities such as Galveston and Florida beach destinations are heavily promoting their areas in these markets. Existing creative on Corpus Christi can be used to expand VCC's reach into these additional and other areas.

## **Border States/Central US Campaign**

Heavy research by the VCC marketing team and ad agency also shows considerable opportunities for VCC to market to key border state cities and to select other locales that would be especially interested in Corpus Christi due it being the closest beach to their area. This initiative could be realized through a targeted campaign focused on New Orleans, Lake Charles, Little Rock, Kansas City, Oklahoma City, Tulsa, Wichita, Denver, Albuquerque, and Santa Fe.

## **Mexico/International Campaign**

Corpus Christi's proximity to Mexico warrants advertising along the Mexican side of the RGV as well as within Sister City Monterrey. Data proves San Antonio and South Padre are currently capitalizing on this growing population which has the income to travel. The TPID provides an opportunity for VCC to also effectively compete for this segment.

## **Air Service Promotion Campaigns**

VCC and CCIA leadership continue to focus on following the data and using it for potential expansion of air access from and to Corpus Christi for key new target markets. The ability to promote visitation by those markets and the ease in reaching such markets through our airports is crucial to the long-term success of those routes.

## **Creative Operations**

### **Experience Development/Visitor Servicing**

A key strategy for VCC to further separate Corpus Christi from its competition is experience development and servicing. With the TPID, a heightened focus can be put on developing enhanced programs and experiences that yield heightened visitor perceptions of Corpus Christi as a destination. Current hotel occupancy tax fund levels have allowed us to develop a new visitor center, but they have only enabled basic beach service operations, and limited promotions of all the area beaches, the airport and convention services. To ensure a strong ROI on these expenditures, visitor surveying can be used to ensure we are giving visitors what they desire.

### **Creative Staffing and Operations**

The expansion of our campaigns will likely require additional staff or contract services, or a combination of both. Current hotel occupancy tax fund levels have allowed us to have a marketing team of four individuals. The combination of hotel tax and TPID funds would allow a \$4 million annual marketing budget that will likely require limited additional staffing that will be presented to the TPID Board for their consideration and approval.

## **Sales (Conventions, Meetings, Sports) Initiatives**

Forty-three percent (43%) of the annual TPID budget will be allocated to increased Sales initiatives. All sales initiatives are designed to increase state, regional, and national awareness of Corpus Christi as a meetings, conventions, and sports destination and foster subsequent bookings in district hotels. Such efforts will include but would not be limited to:

Programs to increase demand through:

## **Group Sales**

### **Corpus Christi Sports Commission**

Corpus Christi has a competitive advantage in that it offers something many other cities cannot -- water. The opportunity for Corpus Christi to leverage our natural assets to secure competitive water and land sporting events will drive a new segment of visitors and visitor spending. Youth Sports is a \$1 billion industry that Corpus Christi is also not currently involved in. An organized Youth Sports initiative would drive substantial additional rooms nights within this important market segment. Current hotel occupancy tax fund levels have not allowed us to initiate this much needed program.

### **Sales Staffing**

Current hotel occupancy tax fund levels have allowed us to create a sales team of two plus a coordinator. To grow our group sales operations, VCC cannot continue to have a sales team of only two staff members. The addition of a TPID would allow us to propose an expansion of our sales focus serving key segments with a diverse strategy of prospecting and selling.

### **Corpus Christi Film & Music Commission**

A growing responsibility of DMOs is the ability to sell their community as a film location. In addition, cities like Austin, Nashville and Tulsa have each proven that a rich and unique music vibe is just what a growing trend of travelers are seeking who want authentic cultural experiences. The Corpus Christi Film & Music Commission, in partnership with VCC, will actively seek out opportunities in the film and music industries to bring business, room nights, and exposure to Corpus Christi. Current hotel occupancy tax fund levels have not allowed us to access sufficient funding for this much needed program.

### **Sales Servicing**

With an additional influx of prospective clients and actualized business from different group segments, sports, film and music, additional staff servicing will likely also be required. Current hotel occupancy tax fund levels have allowed us to service the existing framework for serving our clients, but we will need to expand those services with focuses on additional anticipated sports business, national sales, and leisure sales. The TPID Board will work closely with VCC on what augmented staffing pattern would produce the greatest ROI.

## **Group Sales Promotion**

### **Texas-wide Meetings Marketing Campaign**

As VCC continues to work with the American Bank Center and the city on development of the SEA District Complex, as well as an increased sales staff presence, it will be essential that there be an enhanced statewide marketing campaign targeting both corporate and association group business. For example, the unique downtown district coupled with the natural environment that is part of Corpus Christi's unique appeal, allows VCC to market to the meetings industry that Corpus Christi is a location to host and enjoy at the same time. Current hotel occupancy tax fund levels have not been sufficient to initiate this enhancement of our marketing program.

### **Tradeshows/Sales Missions**

A focus on new market segments means involvement in new tradeshows and site visits. To ensure success, VCC must increase its involvement with key associations and organizations. Current hotel occupancy tax fund levels have focused on trade and government association business, but we have not been able to attend other events in a cost-

effective basis that would get us in front of multiple industry segments through entities such as CVENT, HelmsBriscoe, NorthStar, and others.

### **National Industry Organizations**

The ability to develop partnerships with the largest meeting planner groups within organizations such as CVENT, HelmsBriscoe, NorthStar and US Travel Association is critical to the future success of Corpus Christi growing its group room nights. Current hotel occupancy tax fund levels have focused on state association outreach, but we have not been able to afford the marketing that was needed to significantly expand that reach. The TPID funding will help bridge this gap.

### **Events Bid Fund**

The limited ability to use Corpus Christi's Conference Events Fund (CEF) as incentives for large groups critically limits VCC's ability to incentivize groups that are not being housed at the American Bank Center. A separate TPID bid incentive fund will allow VCC to incentivize additional groups that show a strong potential ROI, including groups that are housed in individual hotels, as well as sporting groups and film crews that would increasingly choose Corpus Christi if we could more effectively compete for their business with reasonable sales incentives.

## **Research and Administration Initiatives**

Five percent (5%) of the annual TPID budget would be allocated to administration of the TPID and for increased visitor research initiatives that analyze the impact of TPID marketing and sales initiatives in driving more hotel activity, tourism and positive visitor impressions for Corpus Christi. Research costs may include, but would not be limited to the following:

### **Research**

Growing our tourism and hotel activity reach will require a continued dedication to research and prospecting programs to ensure a strong ROI from the sales and marketing initiatives undertaken by the TPID. Current hotel occupancy tax fund levels have allowed us to conduct research with minimal GPS data as well as basic prospecting programs. With the TPID funding, we will be able to utilize higher level and more accurate and strategic ROI research programs as well as additional industry leading sales prospecting tools.

### **Administrative Costs**

The collection of tourism PID fees will produce certain costs to the City and to the TPID that the TPID will have to reimburse. The TPID will need to cover limited additional costs to VCC for legal counsel, administration of the district, and supplemental finance and accounting help that will be needed to administer the TPID funds. Current hotel occupancy tax fund levels have allowed us to have one individual in our VCC finance department, but we anticipate needing to contract for certain services and to increase that staffing oversight upon consideration and approval by the TPID Board.

### **Contingency Funds**

Two Percent (2%) of the annual TPID budget will be allocated to TPID contingency funds to allow consistent operation of the TPID Service Plan during unexpected economic challenges and to be ready to address unanticipated new opportunities within each budget category.

**IN ACCORDNANCE WITH TEXAS PROPERTY CODE §5.014, THE NOTICE ON THE NEXT PAGE MUST BE PROVIDED TO ANY PURCHASER OF PROPERTY SUBJECT TO ASSESSMENT BY THE CCTPID AT THE TIME OF SALE.**

**NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF  
CORPUS CHRISTI  
TEXAS CONCERNING THE FOLLOWING HOTEL PROPERTY  
(insert property address)**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Corpus Christi, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Services") undertaken for the benefit of the property within the Corpus Christi Tourism Public Improvement District (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED SERVICES, WHICH MUST BE PAID IN FULL WITH EVERY PAYMENT BY THE HOTEL OF LOCAL HOTEL OCCUPANCY TAX REMITTANCES TO THE MUNICIPALITY. YOUR FAILURE TO PAY THE ASSESSMENT MAY RESULT IN PENALTIES AND INTEREST BEING ADDED TO WHAT YOU OWE, AND MAY INCLUDE THE PURSUIT OF ANY OTHER REMEDY THAT IS AUTHORIZED UNDER [SECTION 372.0035\(d\), LOCAL GOVERNMENT CODE](#).

Information about the calculation of the assessment may be obtained from the City of Corpus Christi. The exact assessment rate will be approved each year by the Corpus Christi City Council in the annual service plan update for the district. More information about the assessments, including the assessment rate and due dates, may be obtained from the City of Corpus Christi.

The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

Date: \_\_\_\_\_.

Signature of Purchaser