



AGENDA MEMORANDUM

Action Item for the City Council Meeting June 28, 2022

DATE: June 16, 2022

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, CPA, CGFO, Director of Finance and Business Analysis
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**Public hearing to authorize the creation of the
Corpus Christi Tourism Public Improvement District**

CAPTION:

Public Hearing regarding the creation of the Corpus Christi Tourism Public Improvement District with consideration and approval of a resolution authorizing the creation of the Corpus Christi Tourism Public Improvement District; and resolving other matters in connection therewith.

SUMMARY:

This item is to hold the first of two public hearings regarding the creation of the Corpus Christi Tourism Public Improvement District (CCTPID) by the City of Corpus Christi and to approve a resolution authorizing the creation of the CCTPID.

On May 18, 2022, the City received a qualified petition for the creation of the CCTPID. The petition has been verified as signed by more than 60% of the owners of the appraised value of the taxable real property of hotels with 40 rooms of more and more than 60% of all record owners of taxable real property that are liable for the assessment and more than 60% of the area of all real taxable property that is liable for the assessment.

The CCTPID will include all hotels within the boundaries of the City of Corpus Christi that have 40 or more rooms available for rent. The revenue collected from the CCTPID would be used to supplement the existing sales and marketing budget of Visit Corpus Christi in order to produce increased leisure, business, and large group business to Corpus Christi hotels.

The CCTPID has been created with a board of directors composed solely of a proportionately representative group of hoteliers from within the Corpus Christi TPID. Thirteen directors are included. The proposed CCTPID would levy an assessment on hotels with 40 or more rooms located within the City of Corpus Christi at a rate of 2% of the taxable room rate sold at qualifying hotels located within the TPID. It is estimated that

approximately \$3 million would be collected the first year. This revenue would be remitted to the City by the hoteliers using the same process used to remit monthly hotel occupancy tax revenue to the City. The City would in turn remit this revenue to Visit Corpus Christi (VCC) via procedures outlined in a three-way agreement between the City, VCC, and the CCTPIDC. The revenue collected from the TPID would be used to supplement the existing sales and marketing budget of VCC in order to produce increased leisure, business, and large group business to Corpus Christi hotels.

BACKGROUND AND FINDINGS:

After witnessing the success of Tourism Public Improvement Districts (TPIDs) for tourism marketing and promotion in the Texas cities of San Antonio, Dallas, Fort Worth, Arlington, Waco and others, area hoteliers and Visit Corpus Christi (VCC) began working with the Texas Hotel Lodging Association (THLA) on the creation of a TPID in Corpus Christi. The creation of a Corpus Christi TPID requires signatures from the owners of over 60% of the hotels with 40 or more rooms within the city limits of Corpus Christi.

On September 21, 2020 prior to beginning the petition process, a draft Service Plan was presented to the City Council for the council's approval of the draft service plan, petition document, and the proposed assessment rate. At this time the City Council was advised that the Tourism PID organizers were seeking the Council's approval of the petition, service plan, and assessment rate at the initial stage because once petition signatures are obtained, the details of the petition, service plan, and assessment rate cannot be changed without having to conduct an entirely new petition drive.

After City Council approved the format and terms within the petition and service plan for the proposed District, area hoteliers and Visit Corpus Christi staff worked to collect signatures on petitions from owners of over 60 percent of the hotels within the proposed District. Notably, State law requires that over sixty percent (60%) of the hotel ownership subject to the district must be signatories to the petition seeking creation of the district. This sixty percent (60%) threshold must be met in two ways:

- 1) By petition signatories from owners of over 60 percent of the total appraised value of hotels within the proposed district; and
- 2) By petition signatures from owners of over 60 percent of the total number of owners of hotels within the district; or
by petition signatures from owners of over 60 percent of the surface area of the hotels within the district.

The petition has reached the threshold of 60% of required signatures, and the petition packet is being presented to the City Council. The packet includes all signed petitions as well as the proposed district's service plan and list of district hotels. City Secretary's office has verified the sufficiency of signed petition packets and ensured that there are no technical defects in the submitted petitions, there is a clear nexus between the signatory and relationship with the hotel and that a sufficient number of petitions were collected to meet the statutory thresholds of hotel owners requesting creation of the District. The petition was accepted at the June 14, 2022 City Council meeting.

Two public hearings are required to create the district. This first public hearing is for the consideration of the creation of the district and proposed service plan (this agenda item). The second public hearing will consider approval of the assessment rate and the

assessment roll. The City published notice of the public hearing on creation of the TPID and proposed service plan in the Corpus Christi Caller Times on June 12, 2022. In addition, notices were physically mailed to all of the property owners within the district.

The City must make findings at the public hearing on creation of the TPID regarding:

- 1) advisability of the proposed improvements;
- 2) nature of the proposed improvements;
- 3) cost of improvements;
- 4) boundaries of district;
- 5) method of assessment; and
- 6) apportionment of cost between the district and the city.

At the conclusion of the first public hearing, the city council votes to approve a resolution establishing the district.

Immediately after this first public hearing, the City will open its second public hearing regarding the assessment rate and property roll. At the end of the second public hearing, the City Council will vote to levy the assessment on a certified roll of hotels within the district.

Once both public hearings are completed and district approved, a letter will go out to TPID hotels noting TPID Creation, Rate, and wording for Implementing a TPID fee on future folios, contracts and within websites and reservation information. The effective date of the TPID collections will be August 1, 2022.

Finally, a copy of the District Creation Resolution must be filed with each county in which the District is located within 7 days of the council approval of the TPID Creation resolution.

ALTERNATIVES:

City Council could not approve this item.

FISCAL IMPACT:

There is no fiscal impact for this item as this is just the creation of the TPID.

FUNDING DETAIL:

Fund:	N/A
Organization/Activity:	N/A
Mission Element:	N/A
Project # (CIP Only):	
Account:	N/A

RECOMMENDATION:

Staff recommends approval of the resolution for the creation of the proposed Corpus Christi Tourism Public Improvement District.

LIST OF SUPPORTING DOCUMENTS:

Resolution