



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 21, 2021

DATE: September 8, 2021

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, CPA, CGFO, Director of Finance and Business Analysis
Heatherh3@cctexas.com
361-826-3227

Proposed Tourism Public Improvement District

CAPTION:

Motion approving the format and terms of the proposed petition, cover sheet, and Service Plan for a proposed Corpus Christi Tourism Public Improvement District.

SUMMARY:

Visit Corpus Christi (VCC) has been working with the Texas Hotel & Lodging Association (THLA) and area hoteliers on the proposed creation of a Tourism Public Improvement District (TPID) in Corpus Christi. VCC and THLA are requesting City Council approval of the format and terms of the draft petition documents. This item does not create a TPID, but rather approves the format and terms of the documents that will be presented to hoteliers to petition to create a TPID. Once the petitions have been signed by the ownership of hotels within the proposed District, the petition format can no longer be changed unless the petitioning hoteliers start a completely new petition process.

BACKGROUND AND FINDINGS:

After witnessing the success of TPID's for tourism marketing and promotion in the Texas cities of San Antonio, Dallas, Fort Worth, Arlington, Waco and others, area hoteliers and VCC began working with THLA on the creation of a TPID in Corpus Christi. The creation of a Corpus Christi TPID will require signatures from the owners of over 60% of the hotels with 40 or more rooms within the city limits of Corpus Christi. Prior to beginning the petition process, a draft Service Plan will be presented to the City Council at an open meeting for the council's approval of the draft service plan, petition document, and the proposed assessment rate. When these items are presented, the City Council will be advised that the Tourism PID organizers are seeking the Council's approval of the petition, service plan, and assessment rate at this 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.

If the City Council approves the format and terms within the petition and service plan for the proposed District, area hoteliers and Visit Corpus Christi staff will seek 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.

Once a petition has gained over sixty percent (60%) of required signatures, a petition packet may be presented to the city council. This packet should include all of signed petitions as well as the proposed district's service plan and list of district hotels. City staff must verify the sufficiency of signed petition packets. This step is generally handled by the City Secretary's office which examines the petition signatory documents to ensure 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. Again, in the case of tourism public improvement districts, there must be signed petitions from over 60 percent of the hotel owners based on certain set statutory criteria, noted above.

Once the City has validated the petitions, the City Must file a copy of the proposed Assessment Roll (showing all of the hotel properties to be included within the District and the proposed assessment rate).

Next, the city council must order two public hearings, with the first hearing on the creation of the district and proposed service plan, and the second public hearing to approve the assessment rate and the assessment roll. The City must publish notice of the public hearing on creation of the TPID and proposed service plan in a newspaper of general circulation in the city at least 16 days prior to the hearing. It must also publish notice of the second public hearing on the assessment rate and assessment roll at least 11 days prior to that public hearing. Additionally, the City must physically mail out written notice of the first public hearing to all of the property owners within the district at least 16 days prior to the public hearing. This mailing process must also be completed for notice of the second public hearing at least 11 days prior to that public hearing. Notably, the two newspaper notices and two mailed notices can be combined, so long as they are clear and meet the date requirements.

The city shall hold public hearings on both creation of the district and proposed service plan, and then on approval of the assessment rate and assessment roll. Note that these two public hearings can occur during the same city council meeting as paired agenda items.

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. Again, since all of the signed petitions were based on a set service plan, the city council cannot amend the terms of the service plan without requiring the TPID organizers to do a completely new petition drive. 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 can open its second public hearing regarding the assessment rate and property roll. Again, since all of the petitions that were signed were based on a set assessment rate, the city council cannot amend the assessment rate without requiring the TPID organizers to do a new petition drive. At the end of the second public hearing, the city council votes to levy the assessment on a certified roll of hotels within the district.

Once this is completed, 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.

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 it will require approval in the future before the TPID can be created.

FUNDING DETAIL:

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

RECOMMENDATION:

Staff recommends approval of this motion approving the format and terms of the proposed petition, cover sheet, and Service Plan for a proposed Corpus Christi Tourism Public Improvement District.

LIST OF SUPPORTING DOCUMENTS:

Proposed Petition
Petition Cover Page
Proposed Service Plan