



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: City Manager's Office

CM/DCM/ACM: Sara Hensley, City Manager

DATE: November 14, 2023

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding the proposed creation of a Tourism Public Improvement District in Denton.

BACKGROUND

This item is to discuss local hoteliers' requests to create a Tourism Public Improvement District (TPID).

A TPID in Texas is a specific type of public improvement district designed to enhance and promote tourism-related activities within a designated area. The primary aim is to draw convention and group business to a city.

In 2018 local hoteliers approached the City about the possibility of establishing a TPID. At the time cities had to be authorized by the Texas State Legislature for their creation. Upon conclusion of the work session held on October 24, 2018, the Council provided consensus to proceed and include the TPID request in the City's 2019 Legislative Program. During the 2019 session, authority for all Texas communities to form a TPID was authorized if initiated by over 60% of affected hotel owners.

In 2023 Discover Denton communicated to City management local hoteliers were interested in initiating the Tourism Public Improvement District, which state law requires petition signatures requesting the creation of the district by more than 60% of the appraised value of district properties, and one of the two following criteria:

60+% of the surface area of hotels within the district; OR
60+% of the number of hotels within the district

Discover Denton communicated consensus-building has been ongoing and there is support from the hotels meeting the criteria requirements.

Denton TPID Proposed Parameters

- Hotels within Denton that have 75+ rooms, assess a 2.0% fee on each taxable hotel room.
- Denton currently has 17 out of 27 hotels that have 75+ rooms.
- Any new hotels with 75 rooms will automatically be added to the district.
- The District Service Plan is for a 10-year period.
- Estimated to generate \$12.6 Million during the 10-year period.
- The TPID Board will be composed of hoteliers within the district.

- Discover Denton (CVB) will serve as the administrative entity responsible for implementing the decisions and recommendations of the Denton TPID Board.
- The TPID assessment is collected under the same schedule and process now in place for local hotel tax collections.
- Quarterly reporting and remittance from hoteliers to the City.
- An annual budget and service plan will be implemented by Discover Denton under the oversight of the Denton TPID Board.

Revenue from the assessment would be focused on four service categories: marketing, sales, administrative, and tourism research. A copy of the proposed service and assessment plan is included as Exhibit 3. Discover Denton and local hoteliers are seeking feedback from the Council on the general feedback for the proposed service and assessment plan prior to beginning the petition process.

Once a petition is submitted to the City, the City will review it for validation. The next steps would include two public hearings regarding the creation of the district, assessment rate, and role.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

October 24, 2018, Council Work Session Discussion

November 11, 2018, Approved Resolution 18-1847

EXHIBITS

1. Agenda Information Sheet
2. Presentation
3. Proposed Service and Assessment Plan

Respectfully submitted:
Christine Taylor
Assistant City Manager