



AGENDA INFORMATION SHEET

DEPARTMENT: City Manager's Office

CM/DCM/ACM: Christine Taylor, Assistant City Manager

DATE: July 16, 2024

SUBJECT

Hold a public hearing and consider adoption of an ordinance of the City Council of Denton, Texas, making findings that the proposed Service Plan and its proposed public improvements will promote the interests of the City and confer a special benefit on a definable part of the City; authorizing a contract of the management of the district and the execution of the Service Plan; authorizing an assessment method and roll; authorizing a special assessment of the Denton Tourism Public Improvement District; and providing an effective date.

BACKGROUND

A TPID in Texas is a specific type of public improvement district designed to enhance and promote tourism-related activities within a designated area by providing resources to attract convention and group business.

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. At the October 24, 2018 work session, the Council provided consensus to proceed and include the TPID request in the City's 2019 Legislative Program. During the 2019 session, the legislature authorized all Texas communities to form a TPID, if successfully petitioned by a majority of hotels. In 2023 Discover Denton communicated to City Management that local hoteliers remained interested in establishing a TPID and, at the November 14, 2023 Work Session, Council provided direction to proceed with the creation of the district, as described by the following parameters:

- Hotels currently operating in Denton with 75 rooms or more (17 out of 27 hotels in Denton).
- Any hotels beginning operations after 18 June with 75 rooms or more will have to petition the district to join.
- Managed by a board comprised of six voting members: three from hotels with 100 or more sleeping rooms and three from hotels with 75 or more and 99 or fewer rooms. The board will also have three ex-officio members: one from City management, one from Discover Denton leadership, and one from Denton Chamber of Commerce leadership.
- Administered by Discover Denton at the direction of the TPID board.
- Assess a 2.0% fee of the gross taxable revenue of each hotel stay.
- District funds are to be used for marketing, sales and incentives, administration, and tourism research.
- The TPID assessment is collected on the same schedule, and in the same manner, as Hotel Occupancy Tax (HOT).
- A service plan for how funds will be used will be submitted to council annually. The TPID board will approve a budget annually but will not be subject to council approval.
- The district is to be established for 10 years and is expected to generate \$12.6 million in revenue.

On June 18, 2024, Council held a public hearing and passed a resolution to establish the Denton TPID.

On July 2, 2024, the first board meeting of the Denton Tourism Public Improvement District Corporation (DTPIDC) occurred and the bylaws were voted on and approved with some changes from the draft shared with Council for the June 18 resolution establishing the district, including staggering the terms of the initial board to provide continuity, the removal of the section on gifts to ensure financial polices aligned with the Chamber, providing for a method of removal of ex-officio members, and clerical and grammatical errors. The draft service plan was also updated and approved to include updated estimates for dollar amounts to better reflect the proposed start date of assessment as well as the inclusion of the assessment method as required by statute. Redline copies are attached as Exhibit 2.

Council is being asked to consider approval of the TPID management contract between the City of Denton, the DTPIDC, and the Chamber of Commerce; as well as the DTPIDC's service plan, assessment plan, and assessment roll. A copy of the proposed service and assessment plan submitted to Council by the DTPIDC is included as Exhibit 5 and a copy of the approved management corporation bylaws, which includes the board information, is included as Exhibit 4.

OPTIONS

n/a

RECOMMENDATION

Staff recommends approval of the contract outlining the management of the TPID and adoption of the Service Plan, Assessment Plan, and Assessment Roll; as well as establishing the assessment beginning August 1, 2024.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Oct. 24, 2018: Council Work Session Discussion
Nov. 14, 2023: Council Work Session Discussion
June 18, 2024: Public Hearing
June 18, 2024: Resolution Establishing District

EXHIBITS

Exhibit 1 – Agenda Information Sheet
Exhibit 2 – Bylaws Redline
Exhibit 3 – Proposed Service and Assessment Plan Redline
Exhibit 4 – Bylaws Approved
Exhibit 5 – Proposed Service and Assessment Plan Approved
Exhibit 6 – Staff Presentation
Exhibit 7 – District Map
Exhibit 8 – TPID Hotels List
Exhibit 9 – Three Way Contract: City, DTPIDC, Chamber
Exhibit 10 – Ordinance

Respectfully submitted:
Christine Taylor
Assistant City Manager

Prepared by:
Jesse Kent
Assistant to the City Manager