

RESOLUTION NO. 2020-513

WHEREAS, the Public Improvement District Assessment Act, Chapter 372 of the Texas Local Government Code ("Act") allows for the establishment of public improvement districts;

WHEREAS, a petition ("Petition") was submitted to the City Waco, Texas ("City"), pursuant to the Act, requesting the establishment of a public improvement district on land within the City to be known as the Waco Tourism Public Improvement District ("WTPID") and has been on file in the office of the City Secretary for public inspection;

WHEREAS, pursuant to Section 372.009 of the Act, the City provided notice and publication of a public hearing to be conducted on August 4, 2020 to consider the creation of the WTPID ("Public Hearing"), which notice and publication included the following: (i) time and place of the public hearing; (ii) general nature of the proposed improvements and services; (iii) estimated costs of the improvements and services; (iv) boundaries of the proposed WTPID; (v) proposed method of assessment; and (vi) proposed apportionment of cost between the WTPID and the City;

WHEREAS, notice of the Public Hearing was published on July 17, 2020 in the Waco Tribune-Herald, a newspaper of general circulation in the City, and was also mailed on July 16, 2020 to all record owners of property in the WTPID, and all persons desiring to be heard were given a full and fair opportunity to be heard at the Public Hearing;

WHEREAS, the City Council conducted and adjourned the Public Hearing to consider the creation of the WTPID,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WACO, TEXAS:

1. **Recitals.**

The findings set forth in the recitals of this Resolution are found to be true and correct.

2. **Findings.**

The City Council, after duly considering the evidence and testimony presented at the Public Hearing and based on all information known by the City Council, hereby makes the following findings:

2.1 Petition. The Petition was filed with the City Secretary and complies with Section 372.005 of the Act and has been signed by record owners of taxable real property liable for assessment under the proposal who constitute:

(a) 85.08 percent of the appraised value of taxable real property liable for assessment under the proposal set forth in the Petition, as determined by the current roll of the McLennan County Appraisal District, and

(b) 79.84 percent of the area of all taxable real property that is liable for assessment under the proposal.

2.2 Advisability and Feasibility of the Improvements and Services Proposed for the Tourism PID. It is advisable to create the WTPID to provide the proposed improvements and services described in the Petition and this Resolution. The improvements and services will promote the interests of the City and confer a

special benefit on the assessed properties within the WTPID. The staff of the Waco Convention Center & Visitors Bureau (“Waco CVB”) have done an analysis of the proposed tourism public improvement district, its service plan and strategies, and have concluded that it provides a very effective means for significantly enhancing the ability of Waco to promote its hotel, convention, and tourism activity. Based on this analysis, the City finds the proposed tourism public improvement district to be both advisable and feasible.

2.3 Nature of the Improvements and Services. The general nature of the proposed improvements and services to be provided in the WTPID include, without limitation, marketing, business recruitment, and promotional activities authorized by the Act for improvements and promotion of the WTPID, including, but not limited to, the provision of incentives by the Waco CVB to organizations to encourage them to bring large and city-wide events (including, without limitation, meetings, sporting, recreation, and cultural events) to Waco and to fund additional marketing by the Waco CVB to increase hotel stays within the City.

2.4 Estimated Cost of the Improvements and Services. Over the ten (10) year period beginning on October 1, 2020 and ending on the expiration of the WTPID as provided in Section 3, the estimated total cost of the improvements and services provided by the Tourism PID will be \$32,980,802.00, which includes an estimated cost of \$1,576,067.00 for Fiscal Year 2020-21, and a year-over-year increase thereafter of ten percent (10%) for the remaining nine-year term.

For Fiscal Year 2020-21, the estimated cost of the above-referenced improvements and services, and estimated costs to implement such improvements and services is:

Marketing (Advertising & Promotion)	\$709,230.00
Sales (Business Recruitment)	\$630,427.00
Tourism Research	\$126,085.00
Administration	\$110,325.00
Total Expenses	\$1,576,067.00

Such estimated costs are reasonable and appropriate. The estimated costs of improvements and services provided in Fiscal Year 2020-21 will be determined in a subsequent annual budget and service plan for the WTPID to be approved by the City Council on August 4, 2020, in accordance with Chapter 372 of the Act. Such costs will be paid from assessments levied in accordance with Chapter 372 of the Act. The ten-year service plan proposed for the WTPID is attached hereto as **"Exhibit A"** ("Service Plan") and incorporated herein for all purposes. The Service Plan budget and assessment amount are subject to annual review and approval by the City Council.

2.5 Boundaries of the Tourism PID. The boundaries of the Tourism PID are noncontiguous areas authorized under Subchapter 372.0035 of the Act consisting solely of hotel properties with 75 or more rooms ordinarily used for sleeping within the City of Waco city limits, as set forth in the attached **Exhibits "B" and "C"**, which are incorporated herein for all purposes. The WTPID's boundaries may be expanded by the same procedure required by Chapter 372.012 of the Act for establishment of the WTPID.

2.6 Method of Assessment. The costs of the improvements and services will be funded from assessments levied on and collected from properties located in the WTPID that contain hotels of seventy-five (75) or more guest rooms and that are subject to payment of City hotel occupancy taxes pursuant to Chapter 24, Article V. of the City of Waco Code of Ordinances,

as amended. The City will levy a special assessment against properties located within the boundaries of the WTPID ("Hotel Parcel") in an amount equal to two percent (2%) of the consideration paid for occupancy of any sleeping room furnished by a hotel located on a Hotel Parcel (subject to any lawful exemption of the hotel occupancy tax under applicable state law and City ordinances), with such assessments to be collected in the same manner and in accordance with the same procedures as those established for collection of the City's hotel occupancy tax, as set forth in Chapter 24, Article V. of the City of Waco Code of Ordinances, as amended. The collection of assessments will be made at the same time hotel occupancy taxes are collected on and after October 1, 2020. The City Council hereby finds that the proposed method of assessment is reasonable and necessary. The WTPID shall not incur bonded indebtedness.

2.7. Apportionment of Costs Between the Tourism PID and the City, as a Whole.
The apportionment of costs between the WTPID and the City, as a whole, is as follows

- (a) The entire cost of each improvement and service will be paid from assessments levied in accordance with Chapter 372 of the Act.
- (b) No City funds will be used to pay any portion of the cost of any improvement or service, unless such funding is approved by the City Council.

3. Establishment of the WTPID: Term.

Based on the findings set forth above, the WTPID comprising the boundaries set forth in Section 2.5 above is authorized to be established and shall be known as the Waco Tourism Public Improvement District (WTPID). The WTPID shall take effect on the date on which the City Council's authorization to establish the WTPID pursuant to and in accordance with this Resolution is published in a newspaper of general circulation in the City in accordance with Section 372.010(b) of the Act ("**PID Effective Date**") and shall expire on the earlier of (i) ten years from the PID Effective Date or September 30, 2030 (whichever is earlier); (ii) the effective date of a Resolution dissolving the WTPID adopted by the City Council following receipt of a petition requesting dissolution and the holding of a public hearing to consider such dissolution in accordance with Section 372.011 of the Act; or (iii) any other lawful method provided for dissolution of a public improvement district pursuant to the Act, as it may be amended. The WTPID shall be subject to all conditions, limitations, and reservations set forth in the findings in Section 2. All other provisions of this Resolution shall be effective from and after adoption of this Resolution.

4. Advisory Body.

The City Council hereby declines to appoint an advisory body for the WTPID pursuant to Section 372.008 of the Act. The City Council hereby reserves the right to assign responsibility for preparation of the ongoing service plan for the WTPID to another entity in the absence of such an advisory body, as authorized by Section 372.013(a) of the Act.


5. Publication.

The City Secretary is hereby directed to publish notice of the City Council's authorization to establish the WTPID once in a newspaper of general circulation in the City.

6. Open Meeting.

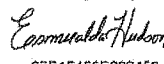
That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public and that public notice of the time, place and purpose of said meeting was given as required by law.

PASSED AND APPROVED this 4th day of August, 2020.

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Kyle Deaver, Mayor
City of Waco, Texas

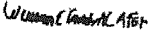
ATTEST:

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Esmeralda Hudson, City Secretary



APPROVED AS TO FORM AND LEGALITY:

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Jennifer Richie, City Attorney

EXHIBIT A

Waco Tourism Public Improvement District (WTPID) Service & Assessment Plan

PROJECTED EXPENDITURES

The WTPID budget will be allocated on a percentage basis as shown in the table below.

SERVICE	%	\$
Marketing (Advertising & Promotion)	45%	\$ 14,841,361
Sales (Business Recruitment)	40%	\$ 13,192,321
Tourism Research	8%	\$ 2,638,464
Administration	7%	\$ 2,308,656
TOTAL	100%	\$ 32,980,802

The estimated budget for the years 2020-2030 is shown in the table below. The estimated budget is forecast to increase by ten percent (10%) per year. Expenditures of the TPID are limited to actual collections, which cannot exceed the 2 percent (2%) fee on each occupied room as defined in the petition. If actual receipts exceed estimates, those dollars will still be transferred to the TPID for use in the subsequent year of the service plan according to the established Service Plan allocations. The TPID will follow established statutory procedures for the addition of newly built eligible hotels into the Waco TPID.

Fiscal Year	Marketing (Advertising & Promotion) 45%	Sales (Business Recruitment) 40%	Tourism Research 8%	Administration 7%	Total 100%
<i>FY 2020-21</i>	\$709,230	\$630,427	\$126,085	\$110,325	\$ 1,576,067
<i>FY 2021-22</i>	\$879,588	\$781,856	\$156,371	\$136,825	\$ 1,954,640
<i>FY 2022-23</i>	\$1,158,856	\$1,030,094	\$206,019	\$180,266	\$ 2,575,235
<i>FY 2023-24</i>	\$1,274,741	\$1,133,103	\$226,621	\$198,293	\$ 2,832,758
<i>FY 2024-25</i>	\$1,402,215	\$1,246,414	\$249,283	\$218,122	\$ 3,116,034
<i>FY 2025-26</i>	\$1,542,437	\$1,371,055	\$274,211	\$239,935	\$ 3,427,637
<i>FY 2026-27</i>	\$1,696,680	\$1,508,160	\$301,632	\$263,928	\$ 3,770,401
<i>FY 2027-28</i>	\$1,866,348	\$1,658,976	\$331,795	\$290,321	\$ 4,147,441
<i>FY 2028-29</i>	\$2,052,983	\$1,824,874	\$364,975	\$319,353	\$ 4,562,185
<i>FY 2029-30</i>	\$2,258,282	\$2,007,361	\$401,472	\$351,288	\$ 5,018,404
Totals	\$14,841,361	\$13,192,321	\$2,638,656	\$2,308,656	\$32,980,802

PROJECTED WACO TOURISM PUBLIC IMPROVEMENT DISTRICT SERVICES

Increased Marketing (Advertising and Promotion) Initiatives: 45% - \$14,841,361

Forty-five percent (45%) of the annual budget shall be targeted for increased marketing (advertising and promotion) initiatives to drive more hotel activity to Waco. Up to 10% variance can be allowed in the amount to be allocated under this category. Amounts within this category that are not used by the end of the fiscal year may be rolled over within the same budget category in the following year's budget.

The Marketing (Advertising and Promotion) program will promote hotel activity within the District for increased business travel, leisure, meeting, and event business at District hotels. The program will set out to increase room night sales and may include, but is not limited to, the following activities.

- Increased internet marketing (advertising and promotion) efforts such as email blasts, digital ads, programmatic placements, to grow awareness and drive higher overnight visitation and room sales to assessed hotels within the District;
- Additional print ads in magazines and newspapers targeted at potential visitors to drive increased overnight visitation to assessed hotels within the District;
- Increased television ads targeted at potential visitors to drive greater overnight visitation to assessed hotels within the District;
- Additional radio ads targeted at potential visitors to drive increased overnight visitation and room sales to assessed hotel properties within the District;
- Preparation and production of new collateral and promotional materials such as brochures, flyers and maps to increase room night activity;
- Development and implementation of an enhanced and new public relations and communications strategy, designed to increase overnight visitation at assessed hotels within the District;
- Development and implementation of an enhanced travel writer/social media influencer program designed to increase overnight visitation at assessed hotels within the District;
- Implementation of new economic development partnerships to increase overnight visitation at assessed hotels within the District.
- Marketing (Advertising and Promotion) fees for listings on various websites to drive increased hotel revenue production.

Increased Sales Initiatives: 40% - \$ 13,192,321

Forty percent (40%) of the annual budget shall be targeted for increased Sales (Business Recruitment) initiatives. Up to 10% variance can be allowed in the amount to be allocated under this category. Amounts not used within this category by the end of the fiscal year may be rolled over into the same budget category in the following year's budget. The Sales (Business Recruitment) initiatives will be designed to increase room night sales for assessed hotel properties within the District and may include but are not limited to the following activities:

- Provide additional sales (business recruitment) incentives to maintain and attract new meetings, conventions, events and business travel that will have a significant impact on demand for hotel activity for assessed hotels within the District;
 - Requests for incentives from individuals or groups should be presented to the Waco Convention & Visitors Bureau for vetting;
 - Requests for "rebates," defined as a set dollar payment per room night generated, should be presented as an incentive request for a single dollar amount and presented to the Waco Convention & Visitors Bureau for vetting;
- Increased sales and services (business recruitment) staff deployed in key regions to supplement the selling of Waco as a premier destination;
- Increased attendance at professional industry conferences and events to promote increased business for assessed hotels within the District;
- Additional lead generation activities designed to attract increased tourist and group business to assessed hotels within the District;
- Attendance of additional trade shows to promote increased leads for assessed hotels within the District;
- Additional sales (business recruitment) blitzes featuring assessed hotels within the District; and
- Additional familiarization tours showcasing assessed hotels within the District.
- Sales (Business Recruitment) initiatives must meet an ROI threshold of 7:1, based on expected room revenues. The ROI for all Sales (Business Recruitment) initiatives will be measured based on increased room revenue production. With input and approval from the WTPID Board, individual exceptions may be made to the 7:1 ROI.
- Sales (Business Recruitment) efforts may include programs such as an individual hotel incentive program, with approval of the WTPID Board and within limits and criteria set by the WTPID Board.

Tourism Research: 8% - \$ 2,638,464

Research costs may include, but are not limited to, the following:

- Conduct tourism research using industry tools which may include economic impact calculators, software to gauge the effectiveness of advertising and/or sales (business recruitment) efforts.
- Development of Return on Investment (ROI) analysis on the effectiveness of WTPID expenditures and programs to increase overnight visitation at assessed hotels within the District.
- If dollars are left unspent in the Research/Administration budget at the end of the year, they may be divided among Marketing (Advertising and Promotion) and Sales (Business Recruitment) using the following ratios: 53% to Marketing (Advertising and Promotion), 47% to Sales (Business Recruitment).

Administration: 7% - \$ 2,308,656

Administration costs may include, but are not limited to, the following:

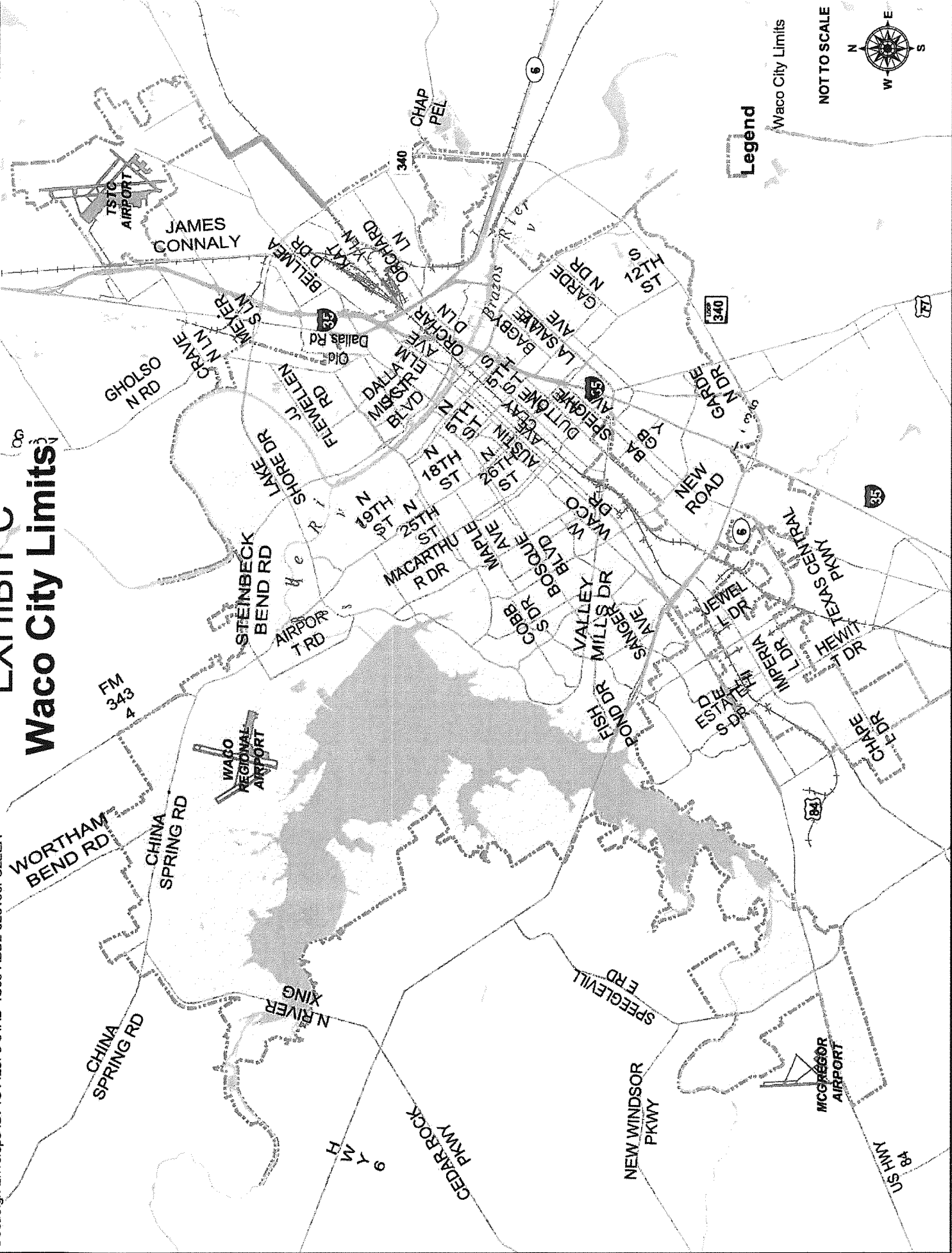
- Startup costs to cover creation of the TPID, and costs to revise the hotel tax collection software.
- Administrative fees such as bank fees, fees charged by the City of Waco for hotel tax collection and administration, bookkeeping, auditing, financial reporting, legal fees, etc.
- If dollars are left unspent in the Administration budget at the end of the year, they may be divided among Marketing (Advertising and Promotion) and Sales (Business Recruitment) using the following ratios: 53% to Marketing (Advertising and Promotion), 47% to Sales (Business Recruitment).

EXHIBIT B**WACO TOURISM PUBLIC IMPROVEMENT DISTRICT
ASSESSMENT ROLL**

Hotel Name	Hotel Address	City	Zip	No of Rooms
A C HOTEL by MARRIOTT	301 S 06TH ST	Waco	76701	182
ALOFT HOTEL	900 S 11TH ST	Waco	76706	115
CAMBRIA HOTEL (7.3284 ACS EAST WACO)	110 S MARTIN LUTHER KING JR BLVD A & B	Waco	76704	132
CANDLEWOOD SUITES	2700 S NEW ROAD	Waco	76706	99
COMFORT SUITES	810 N IH 35	Waco	76705	94
ELEMENT HOTEL	2200 ROBINSON DR -2308	Waco	76706	105
EMBASSY SUITES (PROPOSED)	301 S 02ND ST	Waco	76701	168
EVEN Hotel (7.3284 ACS EAST WACO)	110 S MARTIN LUTHER KING JR BLVD A & B	Waco	76704	128
HAMPTON INN & SUITES	2501 MARKETPLACE DR	Waco	76711	123
HILTON GARDEN INN	5800 LEGENDLAKE PKWY	Waco	76712	111
HILTON HOTEL	113 S UNIVERSITY PARKS DR	Waco	76701	195
HOLIDAY INN EXPRESS & SUITES WACO SOUTH	5701 LEGENDLAKE PKWY	Woodway	76712	120
HOLIDAY INN EXPRESS (NO DBA NAME LISTED)	101 TAYLOR AVE ST	Waco	76704	101
HOME2 SUITES WACO	2500 BAGBY AVE	Waco	76711	105
HOMEWOOD SUITES WACO	5620 LEGENDLAKE PKWY	Woodway	76712	88
HYATT PLACE WACO SOUTH	5400 BAGBY AVE	Waco	76711	125
HYATT PLACE DOWNTOWN	301 S 03RD ST	Waco	76701	110
INDIGO HOTEL	211 CLAY AVE	Waco	76706	111
LA QUINTA INN & SUITES WACO DOWNTOWN	911 S 10TH ST	Waco	76706	118
MARRIOTT COURTYARD	101 WASHINGTON AVE	Waco	76701	153
MOTEL 6 #1198	3120 JACK KULTGEN EXPWY	Waco	76706	110
RESIDENCE INN BY MARRIOTT	501 S UNIVERSITY PARKS DR	Waco	76706	78
RESIDENCE INN SOUTH	2424 MARKETPLACE DR	Waco	76711	104
SPRINGHILL SUITES BY MARRIOTT WACO	115 S JACK KULTGEN EXPWY	Waco	76706	125
TOWNEPLACE SUITES MARRIOTT	5621 LEGENDLAKE PKWY	Woodway	76712	93
TRU BY HILTON	2408 MARKETPLACE DR	Waco	76711	98
WACO SUPER 8	1320 S JACK KULTGEN EXPWY	Waco	76706	78

EXHIBIT C Waco City Limits

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Legend

Waco City Limits

NOT TO SCALE

