

ORDINANCE NO. 2020-576

APPROVING AND ADOPTING THE FINAL SERVICE PLAN FOR THE WACO TOURISM PUBLIC IMPROVEMENT DISTRICT (“TPID”) FOR FISCAL YEAR 2020-21; LEVYING SPECIAL ASSESSMENTS ON PROPERTIES IN THE TPID TO PAY THE COSTS OF SERVICES PROVIDED IN ACCORDANCE WITH THE FINAL SERVICE PLAN; SETTING CHARGES AND LIENS AGAINST PROPERTY IN THE TPID AND AGAINST THE OWNERS THEREOF; PROVIDING FOR THE COLLECTION OF THE SPECIAL ASSESSMENTS; PROVIDING FOR A SAVINGS CLAUSE; PROVIDING FOR AN EFFECTIVE DATE; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, on August 4, 2020, the City Council adopted Resolution No. 2020-513, establishing the Waco Tourism Public Improvement District (the “**TPID**”) in accordance with Section 372.0035 and other applicable sections of Chapter 372, Texas Local Government Code and approving a service plan outlining proposed supplemental services to be provided for the special benefit of the properties located in the TPID and the estimated costs of such services; and

WHEREAS, under Section 372.013, Texas Local Government Code, the City Council annually must review and approve the annual budget for special, supplemental services to be provided in the TPID (the “**Services**”) and to determine the amount of assessment that is to be levied against property in the TPID in order to pay for the costs of such services; and

WHEREAS, the Services to be provided in Fiscal Year 2020-21 and their estimated costs are as follows:

| | |
|-------------------------------------|-----------------------|
| 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 |

The total budgeted cost of the Services is \$1,576,067.00, the entirety of which will be funded from assessments levied on and collected from properties located in the TPID that contain hotels with 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 set forth in **Exhibit “A”** attached hereto and hereby made a part of this Ordinance for all purposes (such properties hereinafter being referred to as “**Hotel Parcels**” and the hotels located thereon being referred to as “**Qualifying Hotels**”); and

WHEREAS, as set forth in **Exhibit “B”**, it is proposed that Hotel Parcels located in the TPID be assessed at a rate of two percent (2%) of the consideration paid for occupancy of any sleeping room

furnished by the Qualifying Hotels located thereon, which assessments shall 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; and

WHEREAS, in accordance with Section 372.016, Texas Local Government Code, the Services and proposed assessment roll for Fiscal Year 2020-21 were presented in a public hearing conducted by the City Council on August 4, 2020 (the "**Public Hearing**") and have been on file in the office of the City Secretary for public inspection; and

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 TPID, and all persons desiring to be heard were given a full and fair opportunity to be heard at the Public Hearing;

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

Section 1. The Public Hearing is hereby closed and any and all protests and objections, whether herein enumerated or not, are hereby overruled.

Section 2. The City Council, from all evidence before it, including all information provided to it and considered in the Public Hearing, finds that the assessments described herein on Hotel Parcels should be made and levied in a manner which results in imposing the costs of the Services on Qualifying Hotels that are similarly benefitted from the provision of those Services. The apportionment of those costs will be based on the special benefits accruing to the Qualifying Hotels on account of the Services provided. As a result, those Qualifying Hotels that sell more guest rooms will pay a greater portion of the costs of the Services because those properties will have received a greater benefit from the promotions and marketing comprising the Services. The City Council further finds that this method of assessment is fair and equitable, and results in an apportionment of the costs of the Services that complies with applicable law.

Section 3. In accordance with Section 372.017, Texas Local Government Code, in order to pay the costs of the Services provided during Fiscal Year 2020-21, effective October 1, 2020, the City hereby levies a special assessment against Hotel Parcels in the amount of two percent (2%) of the consideration paid for occupancy of any sleeping room furnished by Qualifying Hotels located thereon, which assessments shall 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. The first collection of assessments hereunder shall be made at the same time hotel occupancy taxes are collected on and after October 1, 2020.

Section 4. The assessments levied hereunder, together with reasonable attorney's fees and cost of collection, if incurred, are hereby declared to be and are made a lien upon the Hotel Parcels and Qualifying Hotels, and are a personal liability and charge against the real and true owners of such properties, whether such owners are correctly named herein or not. Such liens shall be and constitute the first enforceable lien and claim against the Hotel Parcels and Qualifying Hotels, superior to all other liens and claims, except state, county, school district and city ad valorem taxes. A copy of this

Ordinance may be filed with the County Clerk of the county in which the Hotel Parcel and Qualifying Hotel are located, and when so filed shall constitute complete and adequate legal notice to the public concerning the liens hereby assessed against the respective parcels of property and the owners thereof. The sums assessed against the Hotel Parcels shall become due at the same time that hotel occupancy taxes on the Qualifying Hotels located thereon become due, and shall become delinquent if not paid by the applicable deadlines established by Chapter 24, Article V. of the City of Waco Code of Ordinances. The entire amount assessed against each Hotel Parcel shall bear penalty and interest, from and after the respective due date at the same rate as prescribed by Chapter 24, Article V. of the City of Waco Code of Ordinances.

Section 5. If default shall be made in the payment of any assessments, collection thereof shall be enforced by suit in any court of competent jurisdiction, and said City shall exercise all of its lawful powers to aid in the enforcement and collection of said assessments.

Section 6. The total amount assessed against the respective parcels of property and the owners thereof is in accordance with the proceedings of the City hereto and is permitted by applicable law.

Section 7. Full power to make and levy reassessments and to correct mistakes, errors, invalidities or irregularities in the assessments are, in accordance with the law in force in this City, vested in the City.

Section 8. In any suit upon any assessment or reassessment, it shall be sufficient to allege the substance of the provision recited in this Ordinance and that the Recitals hereto are in fact true, and further allegations with reference to the proceedings relating to such assessment and reassessment shall not be necessary.

Section 9. Should any portion, section or part of a section of this Ordinance be declared invalid, inoperative or void for any reason by a court of competent jurisdiction, such decision, opinion or judgment shall in no way impair the remaining portions, sections, or parts of sections of this Ordinance, which shall remain in full force and effect.

Section 10. This Ordinance shall be cumulative of all other ordinances and appropriations amending the same except in those instances where the provisions of this Ordinance are in direct conflict with such other ordinances and appropriations, in which instance said conflicting provisions of said prior ordinances and appropriations are hereby expressly repealed.

Section 11. This ordinance shall take effect and be in full force and effect from and after the date of its passage and it is so ordained.


Section 12. That it is hereby officially found and determined that the meeting at which this ordinance 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:

First Reading: This 4th day of August, 2020.

Second Reading: This 18th day of August, 2020.

DocuSigned by:


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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

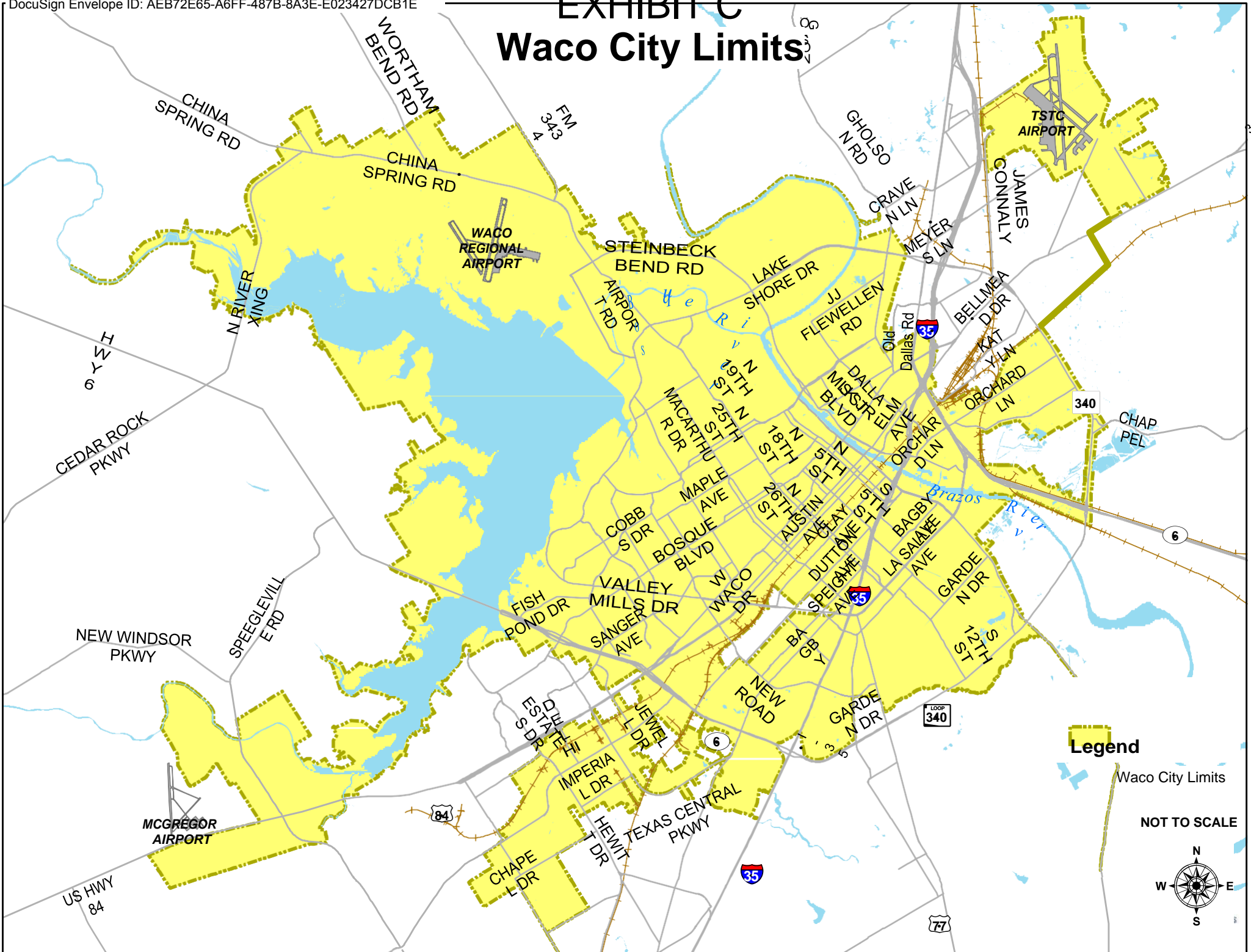
Administration costs may include, but are not limited to, the following:

- 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



Legend
 Waco City Limits

NOT TO SCALE

