



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 32

**Agenda Date:** December 5, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Convention and Sports Facilities

**DEPARTMENT HEAD:** Patricia Muzquiz Cantor

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

San Antonio Tourism Public Improvement District Service and Assessment Plan, Assessment Roll, and Assessment Rate for 2025

**SUMMARY:**

This item will consider an Ordinance approving the 2025 Service and Assessment Plan, the 2025 Assessment Roll which includes existing and new hotel properties and maintaining the Assessment Rate for 2025 at 1.25% of the gross hotel room revenue subject to local hotel tax that is derived from an individual room rental of qualified rooms, for the San Antonio Tourism Public Improvement District Corporation (SATPID). Members of the public may appear before City Council to speak for or against this item consistent with state law.

**BACKGROUND INFORMATION:**

To advance San Antonio as a premier U.S. destination, various industry and community partners including the City of San Antonio, San Antonio Hotel & Lodging Association, Texas Hotel & Lodging Association and Visit San Antonio worked together to propose and implement a San Antonio Tourism Public Improvement District (TPID). On December 6, 2018, the San Antonio City Council approved the creation of the district, for an eight (8) year period, that went into effect beginning January 1, 2019, and ending on September 30, 2026. The Assessment Roll consists of

hotels in the San Antonio city limits with 100 rooms or more that pay a 1.25% assessment on taxable occupied rooms for the purpose of generating funds to market and promote San Antonio as a convention and tourism destination.

The SATPID Corporation is governed by a Board of Directors representing two primary zones. Zone 1 includes participating properties within the San Antonio Central Business District (CBD). Zone 2 includes properties outside the CBD but within the City limits of San Antonio. Revenue generated through the SATPID assessment fee is leveraged to compliment Visit San Antonio's sales and marketing efforts. These efforts include increased communications, marketing and preparatory sales efforts that target future business and post-covid recovery efforts.

In FY 2024, TPID and Visit San Antonio funding was combined to leverage \$1.4 billion in economic impact. The resulting 33:1 return on investment was generated through joint strategic sales, marketing, and public relations/ communications efforts, including:

- \$697 million impact through total event bookings.
  - 752 total events booked.
  - 896,000 room nights booked.
  - 674,000 total attendees.
- \$732 million impact resulting from marketing and public relations.
  - 1.5 million trips resulting from trackable digital ads.
  - \$32.5 million earned media value.

The FY 2025 TPID Assessment Plan includes 163 hotel properties that will pay a 1.25% rate on taxable occupied rooms, which is estimated to generate \$11 million.

Below is the FY 2025 Service Plan and recommended program services developed by SATPIDC:

SERVICE PLAN CATEGORY	%	\$ million
Marketing	45%	\$4,950,000
Sales	45%	\$4,950,000
Other		
<i>Industry Partnerships</i>	5%	\$550,000
<i>Research and Administration</i>	3%	\$330,000
<i>Contingency for Marketing &amp; Sales</i>	2%	\$220,000
<b>TOTAL</b>	<b>100%</b>	<b>\$11,000,000</b>

Marketing Initiatives:

- Will result in a minimum ROI threshold of 7:1 in collective consumer spending versus total marketing investment.
- Will be targeted towards the leisure visitor to provide expanded reach, enhance destination awareness and drive greater overnight visitation including but are not limited to:
  - Increased domestic and global marketing efforts.
  - Enhanced digital and social media content.
  - Increased sponsorship and partnership opportunities.

- Enhanced public relations and communications strategies, inclusive of social media outlets and press release distribution.
- Increased consumer engagement and signature events.

#### Sales Initiatives:

- Will result in a minimum ROI threshold of 7:1 in collective hotel revenue versus total sales investment. The ROI for all Sales initiatives will be measured on increased room revenue production.
- Will be targeted towards groups to maintain and attract new meetings, conventions and events that will have a significant impact on demand and include but not limited to:
  - Increased financial incentives:
    - Hosting Obligations to provide resources for contractual obligations to support major conventions, meetings and/or events, including rental expenses paid to the City of San Antonio Convention and Sports Facilities.
    - Hotel Incentives to provide resources for district member hotels to attract self-contained groups or meetings that attract overnight visitors.
    - Group Incentives to attract business in key short-term dates including rental expenses paid to the City of San Antonio Convention and Sports Facilities.
    - Increased support for staff that allows for re-deployment in key regions to supplement sales and prioritize revenue management in the course of booking future business.
    - Additional lead generation efforts.
    - Increased attendance and/or exhibition at professional industry conferences, affiliation events and trade shows.
    - Increased client site visit and attendance building initiatives.

#### Other Initiatives:

- Industry Partnerships - Program geared to assist District properties with advocacy at the state and local level, resources, and communication efforts to assist in business development and relationship building, including coverage for various membership services with key industry organizations that work with the local hotel industry including the San Antonio Hotel & Lodging Association, Texas Hotel & Lodging Association, and Visit San Antonio member services.
- General Administrative Costs - Operating costs including but not limited to audit, legal and financial services, insurance, initiatives to assess the effectiveness of funded activities initiatives.
- Contingency - Supplemental funds to support categories outlined within the service plan.

#### ISSUE:

The SATPID is a mechanism for funding additional tourism promotion activities. VSA is charged to administer and manage the investments of these funds towards various sales and marketing initiatives at the direction of the SATPID Corporation Board of Directors. As part of the Service and Assessment Plan commitment, a minimum of 90% of all assessments must be invested in sales and marketing programming. The FY 2025 budget based on the 2025 Service and Assessment

Plan was approved by the SATPIDC Board on September 25, 2024. The Public Improvement District Assessment Act requires the Service and Assessment Plan to be approved by the City Council on an annual basis.

### **ALTERNATIVES:**

If the City Council does not approve the Plan, the SATPID Corporation may not implement supplemental services within the PID. This lost opportunity to enhance the marketing of San Antonio as a destination would result in a lessened economic impact for the affected property owners, the City of San Antonio, and the San Antonio community as a whole, as well as negatively impact San Antonio's continued recovery efforts.

### **FISCAL IMPACT:**

The SATPID assessment only applies to properties with 100 rooms or more in the district and are assessed to hotel stays that are also subject to City hotel occupancy tax. The SATPID Corporation is recommending maintaining the assessment levy against the hotel at 1.25% on each taxable room night folio. The SATPID assessment is remitted to the City under the same schedule and process in place for payment of the hotel occupancy tax.

For FY 2025, TPID assessments are estimated to total \$11,000,000. The increased visitation resulting from the SATPID sales and marketing efforts are expected to positively impact the City's sales tax, alcoholic beverage tax, and property tax receipts due to the enhanced economic activity.

There are no additional costs to the City of San Antonio. Administrative costs incurred by the City for the collection and disbursement of the assessment fees are reimbursed to the City from the SATPIDC. There are no General Fund Costs associated with this initiative.

### **RECOMMENDATION:**

Staff recommends approval of the 2025 TPID Service and Assessment Plan to fund services and improvements for the San Antonio Tourism Public Improvement District.