

Memorandum



CITY OF DALLAS

DATE March 22, 2018

TO Honorable Members of the Quality of Life, Arts & Culture Committee: Sandy Greyson (chair), Mark Clayton (Vice Chair), Rickey D. Callahan, Jennifer S. Gates, Scott Griggs, B. Adam McGough, Omar Narvaez

SUBJECT Dallas Tourism Public Improvement District

On Monday, March 26, 2018, you will be briefed on the Dallas Tourism Public Improvement District. The briefing materials are attached for your review.

Please feel free to contact me if you have any questions or concerns.

A handwritten signature in blue ink, appearing to read 'Joey Zapata'.

Joey Zapata
Assistant City Manager

c: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billierae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Jon Fortune, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Quality of Life, Arts and Culture Committee

March 26, 2018

DALLASTM

Tourism Public Improvement District

WWW.DTPID.COM

District Background

- The Dallas Tourism Public Improvement District is modeled after similar successful initiatives around the country, but the first in Texas.
- It is designed to significantly increase the funding available to market and provide incentives to enhance Dallas' performance as a convention and tourism destination.

District Background

- The District is funded through hotel properties in Dallas city limits with 100 or more rooms by a 2% assessment on occupied rooms.
- The District is managed by a ten (10) member board of directors, made up of participating hoteliers.
 - 3 from properties with 1000+ rooms
 - 3 from properties with 301-999 rooms
 - 4 from properties with 100-300 rooms

District Background

- Collections for the DTPID began in August 2012.
- Initially established for 5 years.
- It was renewed for an additional 13 years (through 10/31/2029).
- Budgets are approved annually by the City of Dallas.
- Funds are administered by VisitDallas through a contract with the DTPID Board of Directors.

District Plan(s) Approvals



District Service Plan



DTPID Consideration Process



Program Process

- VisitDallas identifies target meetings, groups, and events (not currently booked):
- New - incentive to attract new business
- Retention - incentive to retain or grow existing business
- Forecast potential room lodging revenue:
room block x room rate
- The DTPID program is subject to a minimum of 10-to-1 return on investment (hotel room night revenue generated)

HISTORY OF DTPID INCENTIVES

BEGAN AUGUST 2012

Hotel Assessments used to Generate Tourism and More Hotel Activity

Generating Taxes that Help Entire City of Dallas

CITY WIDES BOOKED

47 CONSUMED **104** COMMITTED

APPROVED INCENTIVES

\$9.6M CONSUMED **\$31M** COMMITTED

LODGING REVENUES

\$135M CONSUMED **\$387M** COMMITTED

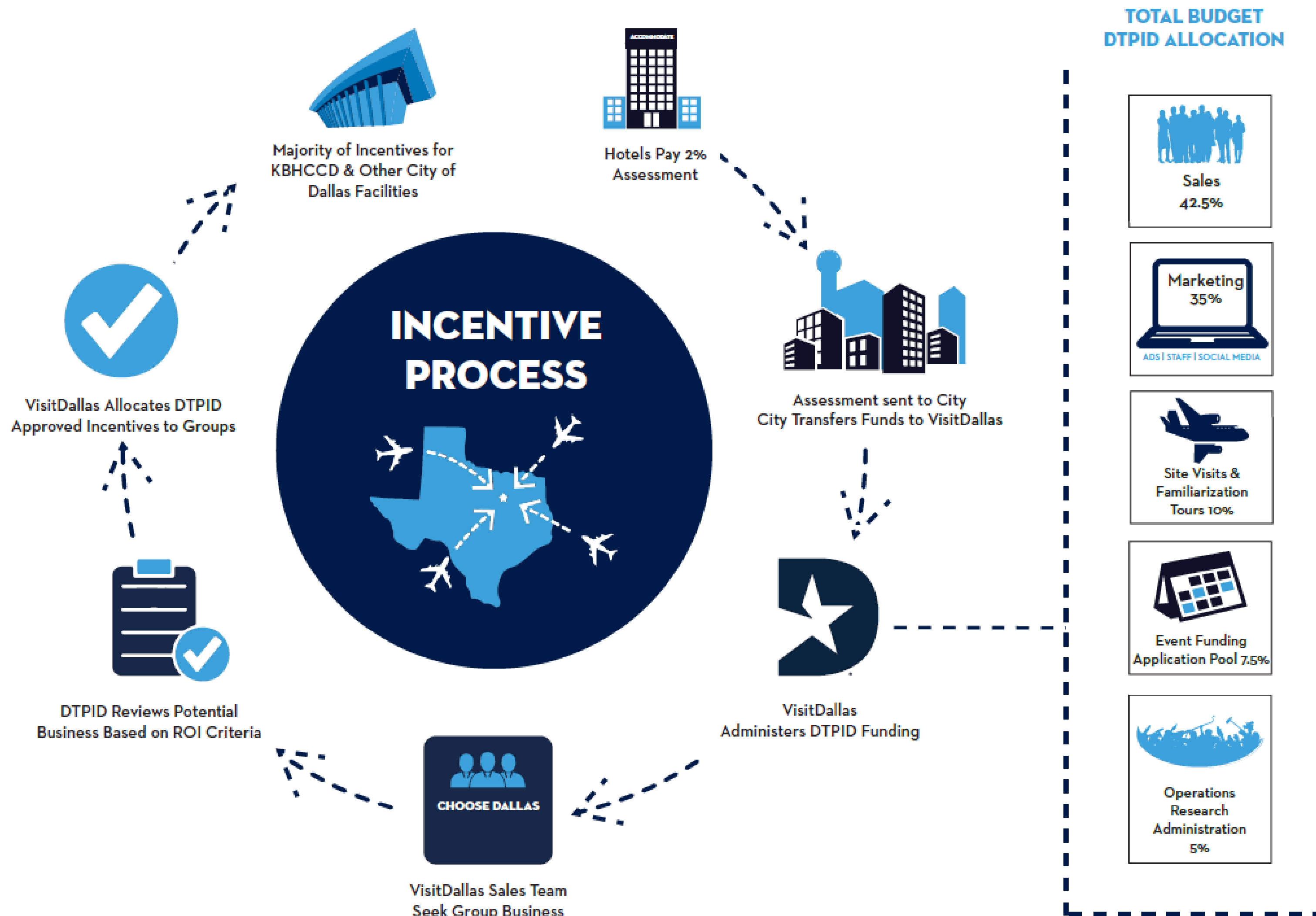
DIRECT SPEND

\$520M CONSUMED **\$1.2B** COMMITTED

TOTAL ECONOMIC IMPACT

\$925M CONSUMED **\$2.1B** COMMITTED

ALLOCATION OF DALLAS TOURISM PUBLIC IMPROVEMENT DISTRICT (DTPID)



Program Funding Consumed

Year	Bookings	Attendees	Room Nights	Lodging Revenues	Approved Incentives
2012-13	7	42,100	56,422	\$11,543,371	\$500,000
2013-14	7	121,500	91,500	\$10,491,500	\$751,300
2014-15	10	183,532	175,261	\$50,141,497	\$2,800,117
2015-16	11	184,050	172,065	\$30,013,149	\$2,737,030
2016-17	<u>12</u>	<u>166,927</u>	<u>195,064</u>	<u>\$32,944,672</u>	<u>\$2,906,321</u>
CONSUMED	47	698,109	690,312	\$135,134,189	\$9,694,768

Approved incentives represent the maximum amount approved by the DTPID board to secure the business. Actual incentives could be less or offset. The incentives approved here for consumed and committed business represent a 1,282% return on investment based on expected hotel lodging revenues only.

Program Funding Committed

Year	Bookings	Attendees	Room Nights	Lodging Revenues	Approved Incentives
2017-18	22	363,765	340,833	\$68,579,815	\$4,730,358
2018-19	12	175,030	261,580	\$41,689,651	\$2,939,741
2019-20	14	227,385	247,597	\$51,898,744	\$4,294,982
2020-21	11	91,026	180,241	\$39,014,514	\$3,816,803
2021-22	9	100,000	152,187	\$39,927,862	\$3,992,814
2022-23	10	115,250	180,237	\$42,598,900	\$4,092,467
2023-24	6	67,500	80,123	\$26,546,925	\$2,327,972
2024-25	9	82,500	108,224	\$28,799,540	\$1,973,397
2025-26	8	66,575	93,797	\$24,148,014	\$1,288,753
2026-27	<u>3</u>	<u>36,300</u>	<u>61,275</u>	<u>\$24,012,723</u>	<u>\$1,589,936</u>
COMMITTED	104	1,325,331	1,706,094	\$387,219,688	\$31,047,223

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Total Hotel Occupancy Tax (HOT tax)

2012 HOT tax
\$38M*

2017 HOT tax
\$54M*

% Change
42.2%

** Estimated*

2012 - 2017 Progress

	2012 Occupancy Rate	2017 Occupancy Rate	% Change
Dallas	60.6%	69.4%	14.5%
Texas	61.5%	65.0%	5.6%
U.S.	61.3%	65.9%	7.6%

	2012 Avg. Daily Rate	2017 Avg. Daily Rate	% Change
Dallas	\$99.18	\$122.16	23.2%
Texas	\$89.83	\$102.41	14.0%
U.S.	\$106.25	\$126.72	19.3%

	2012 Revenue	2017 Revenue	% Change
Dallas	\$661M	\$972M	47.1%
Texas	\$8.3B	\$11B	34.4%
U.S.	\$115B	\$156B	35.4%

Leveraging District Resources



Leveraging Resources

- DTPID expends resources to drive more hotel traffic
- VisitDallas expends additional resources on similar activities
- DTPID expenses are within approved plans and budget (\$15mm)
- VisitDallas expenses extend or are outside those plans (\$25mm)

Heart of Dallas Bowl



Heart of Dallas Bowl

- Since 2011, VisitDallas has supported the Heart of Dallas Bowl with an average host fee of \$250K per year from the State Event Trust Fund
- Social media marketing and promotional support
- Team, band and hotel assistance
- Volunteer support

DTPID Consideration

- Heart of Dallas Bowl does not meet DTPID criteria:
 - * Citywide event (2,500 contracted room nights on peak)
- Eligible for DTPID Event Application Program



Questions?

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