

San Antonio Tourism Public Improvement District (SATPID)
Draft Service Plan
May 22, 2018

PROJECTED EXPENDITURES

The SATPID budget will be allocated as shown in the table below.

SERVICE	%	\$
Marketing	45%	\$4,689,000
Sales	45%	\$4,689,000
Industry Partnerships	5%	\$521,000
Research and Administration	3%	\$312,600
Contingency Funds	2%	\$208,400
TOTAL	100%	\$10,420,000

The estimated eight (8) year budget is shown in the table below. The estimated budget is expected to increase by five percent (5%) per year.

Year	Marketing	Sales	Industry Partnerships	Research and Administration	Contingency Funds	Total
	45%	45%	5%	3%	2%	100%
2018-19	\$4,689,000	\$4,689,000	\$521,000	\$312,600	\$208,400	\$10,420,000
2019-20	\$4,927,410	\$4,927,410	\$547,490	\$328,494	\$218,996	\$10,949,800
2020-21	\$5,173,591	\$5,173,591	\$574,843	\$344,906	\$229,937	\$11,496,869
2021-22	\$5,432,271	\$5,432,271	\$603,586	\$362,151	\$241,434	\$12,071,713
2022-23	\$5,703,884	\$5,703,884	\$633,765	\$380,259	\$253,506	\$12,675,298
2023-24	\$5,989,078	\$5,989,078	\$665,453	\$399,272	\$266,181	\$13,309,062
2024-25	\$6,288,531	\$6,288,531	\$698,726	\$419,235	\$279,490	\$13,974,513
2025-26	\$6,602,958	\$6,602,958	\$733,662	\$440,197	\$293,465	\$14,673,240
Total	\$44,806,723	\$44,806,723	\$4,978,525	\$2,987,114	\$1,991,409	\$99,570,495



PROJECTED SAN ANTONIO TOURISM PUBLIC IMPROVEMENT DISTRICT SERVICES

Increased Marketing and Sales Initiatives

Increased Marketing: 45% - \$4,689,000

Forty-five percent (45%) of the annual budget shall be targeted for increased marketing initiatives to drive more hotel activity to San Antonio. The Marketing program will promote San Antonio hotels 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.

Programs to increase demand at assessed hotels within the District through:

- Increased internet marketing efforts to grow awareness and optimize internet presence to 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 and room sales to assessed hotels within the District;
- Increased television ads targeted at potential visitors to drive greater overnight visitation and room sales 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 featuring assessed hotels within the District;
- Development and implementation of an enhanced and new public relations and communications strategies, inclusive of social media outlets and press release distribution 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.
- Development of Return on Investment (ROI) analysis on the effectiveness of SATPID expenditures and programs to increase overnight visitation at assessed hotels within the District.
- Marketing initiatives must meet an ROI threshold of 7:1. The marketing initiatives will be overseen by the San Antonio Tourism Public Improvement District Corporation (SATPIDC) Board, the oversight entity composed of stakeholder hotels within the district. The SATPIDC Board shall determine the appropriate metrics for the 7:1 ROI measurement for all SATPID Marketing initiatives.

Increased Sales: 45% - \$4,689,000

Forty-five percent (45%) of the annual budget shall be targeted for increased Sales initiatives. **The Sales 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 initiatives 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;
- Increased sales and services staff deployed in key regions to supplement the selling of San Antonio as a premier destination;
- Increased attendance at professional industry conferences and affiliation events to promote increased business for assessed hotels within the District;
- Additional lead generation activities designed to attract increased tourist and group events to assessed hotels within the District;

- Attendance of additional trade shows to promote increased leads for assessed hotels within the District;
- Additional sales blitzes featuring assessed hotels within the District; and
- Additional Familiarization tours showcasing assessed hotels within the District.
- Sales initiatives must meet an ROI threshold of 7:1. The ROI for all Sales initiatives will be measured based on increased room revenue production.

Industry Partnerships

5% - \$521,000

The Industry Partnerships program is geared to protect the flow of existing and new hotel business and a positive business environment for hotels at the local and state level. It includes coverage of membership for hotels within the District for key organizations that advocate on behalf of the local hotel industry, which may include but is not limited to the following:

- San Antonio Hotel & Lodging Association
- Texas Hotel & Lodging Association
- Visit San Antonio Silver Level Membership

Research and Administration

3% - \$312,600

Research and Administration includes the costs for research initiatives that will assess the effectiveness and ROI of SATPID funded sales and marketing initiatives. This category also funds the costs for any supplemental administrative staffing of SATPID programs and other general administrative SATPID costs such as insurance, legal, and accounting fees. It is the intent of the stakeholders within the District that the SATPID funds be used to maximize the provision of service that generate demand for incremental additional room nights. SATPID funds may be used as provided in this service plan to pay for actual direct administrative costs associated with providing the SATPID services. However, such costs shall not include existing staff costs or existing overhead costs that are already fully covered by the current Visit San Antonio budget, unless specific SATPID duties for a Visit San Antonio staff member are identified and approved to be performed by the SATPIDC Board.

Contingency Costs Reserve Fund

2% - \$208,400

These funds may be used to supplement the marketing, sales, or the other budget categories outlined within the service plan, with any such funding allocations to be approved annually by the SATPIDC Board.

**Each service plan budget category includes all costs related to providing that service, in accordance with Generally Accepted Accounting Procedures (GAAP). For example, the proposed Marketing budget may include the cost of new staff dedicated to overseeing and implementing the program. New Staff hires dedicated purely to administrative tasks can be allocated to the administrative portion of the budget. The costs of a new individual staff member may be allocated to multiple budget categories, as appropriate in accordance with GAAP. Any new staffing levels necessary to provide the supplemental services that are outlined will be presented to the SATPIDC Board by Visit San Antonio within the annual SATPID budget.*

The SATPIDC Board shall have the authority to make adjustments of up to ten percent (10%) of the funds between approved budget categories of the adopted service plan. If budgeted funds for the Industry Partnerships, Research and Administration, or Contingency Costs Reserve Fund budget categories are not spent, those unspent funds may be reallocated by the SATPIDC Board to increase the Marketing and Sales Initiatives budget category.



ASSESSMENT

The proposed annual assessment rate is one and one quarter percent (1.25%) of gross hotel room night rental revenue on hotel properties within the SATPID with one hundred (100) or more rooms that are ordinarily used for sleeping. The assessment shall only apply to hotel room night sales which are subject to local hotel occupancy tax under Texas state law. If a room night rental transaction is exempt from local hotel occupancy tax, it is also exempt from the application of the SATPID assessment.

COLLECTION

The City of San Antonio will be responsible for collecting the SATPID assessment on a monthly basis (including any delinquencies, penalties and interest) from each hotel property located in the SATPID boundaries, and the City will be reimbursed from SATPID funds for its actual costs for this activity.

TERM

The SATPID will be formed for a eight (8) year period, with services projected to commence xxxxxx 1, 2018. After eight (8) years, the SATPID may be renewed if hotel property owners support continuing the District. All SATPID funded services will supplement, not supplant, pre-existing Visit San Antonio programs funded by local hotel tax and other funding from the City of San Antonio at the time of the creation of the SATPID. There is no anticipation that the City of San Antonio and/or the Convention Center will reduce the city's existing level of funding for convention center hosting obligation requirements.

MANAGEMENT

The SATPID shall be overseen by the to-be-formed San Antonio Tourism Public Improvement District Corporation (SATPIDC), a nonprofit corporation created under Texas law and which will also operate as a tax-exempt entity under the provisions of section 501(c) of the Internal Revenue Code. The SATPIDC will contract with Visit San Antonio to implement the SATPID programs and Visit San Antonio will carry liability insurance in amounts and covering risks approved by the City and will indemnify the City against losses resulting from SATPID related acts or omissions by Visit San Antonio or by the SATPIDC. The City Council will review and approve annually the SATPID service plan and assessment plan, determine and levy assessments and conduct other functions as required by law. The to-be-formed SATPIDC through its contract with Visit San Antonio will implement the SATPID programs outlined in the original service plan as updated annually with approval by the SATPIDC board and the City Council. The SATPIDC shall have the authority to make adjustments of up to ten percent (10%) of the funds between approved budget categories of the adopted service plan.

The SATPIDC Board of Directors will be composed of eleven (11) voting directors. The composition of the 11 voting directors is divided proportionately between San Antonio hotels in the central business district and hotels outside of the central business district, based on the collective hotel tax remittances of the central business district versus the non- central business district hotels as follows:

- Six (6) directors representing assessed hotel properties from Zone One (1)(central business district hotel properties); and
- Five (5) directors representing assessed hotel properties from Zone Two (2) (hotels located outside the central business district).

The SATPIDC will also include two non-voting ex-officio positions, one for the Executive Director of the San Antonio Hotel & Lodging Association and one for President & CEO of Visit San Antonio.

BOUNDARIES

The map below illustrates the proposed SATPID boundary. The boundary currently includes 149 lodging

properties. The SATPID boundary includes two (2) zones (central business district and outside of central business district) for purposes of determining the SATPIDC Board of Directors representation.

