

HILLSBOROUGH COUNTY HOTEL & MOTEL ASSOCIATION
TOURISM MARKETING DISTRICT

FY2020
ANNUAL REPORT

OCTOBER 1, 2019 – SEPTEMBER 30, 2020





HILLSBOROUGH COUNTY HOTEL & MOTEL ASSOCIATION
TOURISM MARKETING DISTRICT

Dennis Rogero
Chief Financial Officer
City of Tampa
306 E. Jackson St.
8th Floor
Tampa, FL 33602

SUBJECT: Transmittal of Downtown / Historic Ybor Tourism Marketing Special Benefit District
FY2020 Annual Report - October 1, 2019 – September 30, 2020

DATE: August 27, 2021

Dear Mr. Rogero:

You will find attached the Downtown/Historic Ybor Tourism Marketing Special Benefit District (TMD) Annual Report for the period of October 1, 2019 – September 30, 2020.

Please let our team know if there's any additional information we can provide for your review and/or assessment.

Best regards,



Bob Morrison
Executive Director
Downtown/Historic Ybor Tourism Marketing Special Benefit District

HILLSBOROUGH COUNTY HOTEL & MOTEL ASSOCIATION
TOURISM MARKETING DISTRICT

**FY2020
ANNUAL REPORT**

PREAMBLE

Pursuant to Sections 170.03 and 170.201, Florida Statutes, and Sections 24.5-8, 24.5-11, and 24.5-12 of the Code of Ordinances of the City of Tampa, the City of Tampa City Council adopted Resolution No. 2020-714 on October 15, 2020, to create the “Downtown/Historic Ybor Tourism Marketing Special Benefit District”.

Section 24.5-6, entitled Management of Funds for the District, directs that each year the Owner’s Association shall submit a report of activities and expenditures to the City.

The following report is submitted to ensure compliance with the Ordinance’s requirements.



HILLSBOROUGH COUNTY HOTEL & MOTEL ASSOCIATION
TOURISM MARKETING DISTRICT
FY2020 ANNUAL REPORT

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Downtown/Historic Ybor Tampa Tourism Marketing District



In creation of the first Tourism Marketing District in Florida, the HCHMA has developed and/or identified a number of components to implement the required management structure of the Downtown/Historic Ybor City Tourism Marketing District:

GOVERNANCE

A HCHMA Board Tourism Marketing Special Benefit District (TMD) Governance Structure has been established to provide a two-step assessment and approval structure. All marketing campaigns and related budgets will require the approval of the TMD Governance Sub-committee. This committee will be empowered to oversee any and all digital marketing campaigns as well as evaluation of any prospective conventions that are eligible for support through the convention concession program.

Governance Sub-committee Membership:

Downtown/Ybor City HCHMA Board Members

Joe Collier	Mainsail Development (Epicurean) Managing Partner HCHMA Past President
Brian Klein	Le Meridien, GM
Ron McAnaug	Tampa Marriott Water Street / JW Marriott Tampa Water Street, GM HCHMA President

Non-HCHMA Board Members

Ed Carroll	Hilton Garden Inn Tampa Ybor, GM
Larry Collier	The Barrymore Hotel Tampa Riverwalk, GM
Parker Harvey	Hampton Inn & Suites – Ybor City, GM
Mike Hurley	Aloft Tampa Downtown, GM
Pablo Molinari	Hotel Haya, GM
David Sheets	Sheraton Tampa Riverwalk Hotel, GM

Ex-officio (non-voting)

Pat Ciaccio	Saddlebrook Resort, GM HCHMA Secretary/Treasurer
Bob Morrison	HCHMA Executive Director

2021 HCHMA BOARD of DIRECTORS

Ron McAnagh	Tampa Marriott Water Street JW Marriot Tampa Water Street	President
Scott Selvaggi	Sheraton Tampa Brandon Hotel	Vice President
Pat Ciaccio	Saddlebrook Resort	Secretary / Treasurer
Jim Bartholomay	Renaissance Tampa International Plaza Hotel	Director
Greg Brooks	Sunset Vistas Beachfront Suites	Director
Joe Collier	Mainsail Lodging and Development	Director
Santiago Corrada	Visit Tampa Bay	Director
Todd Kinney	Hyatt House Tampa Airport / Westshore	Director
Brian Klein	Le Meridien Tampa	Director
Randy Kuiken	Hilton Garden Inn Tampa Airport Westshore	Director
Bill Giesecking	Tampa Bay Sports Commission	Allied Board Member
Troy Manthey	Yacht Starship	Allied Board Member
Ivy Peterson	The Cake Girl	Allied Board Member
Gina Thiemann	Florida Destinations	Allied Board Member

PARTICIPATING HOTEL PROPERTIES

1. Aloft Tampa Downtown	100 West Kennedy Blvd. Tampa, FL 33602
2. Epicurean Hotel	1207 South Howard Tampa, FL 33606
3. Hampton Inn & Suites Ybor	1301 E. 7th Avenue Tampa, FL 33605
4. Hilton Garden Inn Tampa Ybor	1700 E. 9 th Avenue Tampa, FL 33605
5. Hotel Haya	1412 E. 7 th Avenue Tampa, FL 33605
6. JW Marriott Tampa Water Street	510 Water Street Tampa, FL 33602
7. Le Meridien Tampa	601 N. Florida Avenue Tampa, FL 33602
8. Sheraton Tampa Riverwalk Hotel	200 N. Ashley Drive Tampa, FL 33602
9. Tampa Marriott Water Street	700 South Florida Avenue Tampa, FL 33602
10. The Barrymore Hotel Tampa Riverwalk	111 W. Fortune Street Tampa, FL 33602

PROSPECTIVE HOTEL PROPERTIES

1. Hyatt Place & Hyatt House Tampa Downtown	325 N. Florida Avenue Tampa, FL 33602
2. The Edition (Coming in 2021)	

OPERATIONAL OR ADMINISTRATIVE ACTIVITIES

In FY2020, the Downtown/Historic Ybor City Tourism Marketing District (TMD) embraced a series of strategic shifts that have redefined the TMD's foundational structure yet crafted a refreshed strategic vision for the district and its members. The key accomplishments can be captured in four functional areas.

First, the District administrative team dedicated a significant portion of the fiscal year working with the City Attorney's Office and Special Counsel for the City in connection with the discovery, trial litigation and post - Court order procedural restructuring. The objective was to reshape the original TMD ordinance to align with a clear distinction between the assessment contemplated by the special district measured by the number of rooms of the participating hotels vs. the prior ordinance provision that imposed a per room assessment that was deemed by the court to reflect a revenue model that had been preempted by the State of Florida and outside the home rule power of the City of Tampa.

Second, the administrative team was tasked with identifying an economist that was experienced in developing a development of the required support documentation for the revised ordinance. Because this report was focused upon the unique legal and economic analysis required of Florida special districts coupled with Florida's first TMD, there was no playbook. Thus, this identification and retention of an economist whose expertise and credibility would lead to a methodology that spoke to the range of economic impacts of the projected TMD and the participating hotels was crucial. Fishkind & Associates' (Fishkind) experience as a trial expert witness in the subject matter areas of Florida Community Development Districts and the economic analysis statutorily required concluded with the HCHMA retaining Fishkind to assist in meeting the TMD's statutory requirement in this groundbreaking initiative.

Third, the economic climate induced by the Covid-19 pandemic required the need to review with each participating hotel their individual condition, the pandemic's impact on their operating status - and that of ownership - along with whether adding an additional assessment expense in the face of the pandemic was warranted or validated. The administrative team utilized the Visit Tampa Bay FY 2019 Marketing Performance Report outcomes as a basis to document the supplemental room night value triggered by the TMD as a catalyst to fuel a local industry rebound not only in leisure travel but also in the growth of the convention group market.

Fourth, coordination of the closure of the collection process under the prior version of the ordinance was a critical administrative assignment. The range of closure steps included from communication of the cessation of collection to the participating hotels to ensuring final collection coordination with the Tax Collector's Office.

Overall, the overview of the fiscal year concluded in the development of operational and administrative tools that led to the modification of the prior TMD structure and the creation of a platform for the revised TMD ordinance structure and operational elements.

TOURISM ENHANCEMENT SERVICES ACTIVITIES

The effectiveness of the Downtown/Historic Ybor City Tourism Marketing District (TMD) Tourism Enhancement Services in FY20 was confirmed in the face of an unprecedented public health crisis which in many ways validated the TMD's existence.

Indeed, the underlying TMD foundation was based upon the inevitable recessionary trend faced by our market every 7-10 years – like the impact of Covid-19. In the TMD's creation, what was clear was a successful TMD marketing program reflects three key pillars – marketing technology, market sensitivity and accountability measurement. This philosophical and functional backdrop led to the selection of Visit Tampa Bay (VTB) as the TMD's Tourism Enhancement Services Subconsultant – to connect VTB's unique market insight with the TMD's operational objectives.

The FY 20 Tourism Enhancement Services were limited by two factors – the conclusion of the litigation against the City of Tampa challenging the City's home rule power to create the TMD and the operational limitation the pandemic imposed upon the hospitality industry domestically and internationally. Thus, enhancement services prudently were restricted in FY20 because of these legal, operational and practical considerations.

The Tourism Enhancement Services outlined in the HCHMA Tourism Enhancement Services Subconsultant's Executive Summary reflects not only the accountability metrics that the TMD has adopted but also the foreseeability associated with the value of the leisure, business and convention group linkage that can drive additional room nights to the participating hotels.

The careful management of TMD resources coupled with the projected coordinated messaging, along with the enhanced capacity to measure the intended impact upon the participating hotels in this new economic climate, will facilitate the conservative room revenue projection but - more importantly – the concurrent growth in land and asset valuation. This dual revenue growth translates to a structural program framework that triggers a parallel positive impact upon local government sales and ad valorem tax revenue.

Thus, the Executive Summary reflects not only the limited FY20 capability to impact the district hotels, but also the vision associated with the projected stimulus of the TMD's purpose of room night growth in the middle of the continuing pandemic – a reflection of a public/private partnership of the highest order.

TOURISM MARKETING DISTRICT (TMD)

Performance Overview of FY 2020

Executive Summary:

Visit Tampa Bay (VTB) provides tourism marketing and promotion services (tourism enhancement services) for the Tourism Marketing District (TMD), branded under the name “Tampa’s Treasure Collection.”

The brand Tampa’s Treasure Collection was developed to group the TMD properties not as individual brands or hotels but as a collection of properties that are all located in our hip, urban downtown/Ybor City district and it emphasized a sense of exclusivity and high-end properties. The word “treasure” pays tribute to Visit Tampa Bay’s tagline “Treasure Awaits” which is our rally cry for all there is to see and do in Tampa Bay.

The launch of the campaign “Tampa’s Treasure Collection” has been hugely successful, a fact underlined by actual incremental sales. This report covers a quick recap of FY 2019 pre-pandemic performance, an overview of FY 2020 (October 2019) and the projected digital marketing plan for FY 2022.

For reference of a “pre-pandemic” year, the FY 2019 TMD campaign generated \$5.1M+ in estimated hotel revenue with a positive return on ad spend (ROAS) of 10:3. The campaign delivered over 39M+ impressions and drove positive incremental booking revenue for all TMD co-op properties.

VTB was directed to conclude the media contracts early in FY 2020 due to the challenge of the State’s authority to create the District. We cancelled media in October 2019. The Travelport campaign was non-cancelable, so the campaign ran through completion (November and December 2019) all other invoices were voided.

The messaging, advertisements, and other services focused on destination marketing and attracting visitors from areas at least seventy-five miles from the TMD boundaries. The following information is a recap of successful FY 2020 destination and marketing promotions programs.

VTB used actual hotel bookings and impressions as the leading measurements for this campaign. Impressions are a media measurement that indicates how many times the advertising campaign message was seen by the target audience. The more impressions increase awareness about the hotel properties and can lead to a conversion from a person learning

about the Treasure Collection to making a reservation. The more impressions a campaign has, the more revenue it can achieve.

The short FY 2020 campaign delivered over 2.6M+ impressions and drove positive booking revenue for the TMD co-op properties. An estimated \$82K+ in booking revenue was received from trackable marketing initiatives in October 2019 thru Adara and Expedia (primary campaign). The smaller Travelport campaign ran November – December 2019 and sourced +629 room nights generating \$62.9K+ in room revenue.

Note: As contractually agreed, Visit Tampa Bay did not accept any funds for any of the efforts or activities put forth on behalf of the TMD.

Fiscal Year 2020 Spending:

1st Quarter (October-December)

Campaign / Advertising Marketing; \$166,998.51

Convention Sales Incentives: \$0

2nd Quarter (January-March)*

Campaign / Advertising Marketing: \$0

Convention Sales Incentives: \$0

3rd Quarter (April-June)*

Campaign / Advertising Marketing: \$0

Convention Sales Incentives: \$0

4th Quarter (July-September)*

Campaign / Advertising Marketing: \$0

Convention Sales Incentives: \$0

*VTB was directed to conclude the media contracts early in FY 2020 due to the challenge of the authority to create the District.

Projected Vision and Purpose for FY 2022

Executive Summary:

Visit Tampa Bay (VTB) provides tourism marketing and promotion services (tourism enhancement services) for the Tourism Marketing District (TMD), branded under the name “Tampa’s Treasure Collection.”

VTB has defined the strategy and planning parameters for FY 2022 as follows:

- Objective: Increase room nights and booking revenue for the ten (10) Treasure Collection hotels by converting active travel intenders

- Key Performance Indicators (KPIs)
 - Booked nights
 - Booking revenue
 - Return on ad spend (ROAS)
- Timing: October 2021 – September 2022
- TMD Brand Platform: Florida’s Most Hotel Hotspots
- Call-to-Action (CTA): TampaTreasureCollection.com

The FY 2022 strategy will focus on digital display. With digital display we will extend reach across high potential markets efficiently by focusing on travel intenders at decision time of the booking journey through top Online Travel Agent (OTA) and travel data partners.

VTB will optimize the campaign towards driving hotel bookings for the Treasure Collection hotels by targeting travel intenders and searchers to Tampa, competitive destinations, Florida and previous Hillsborough County visitors. VTB will use geo-targeting media focused to East of the Mississippi + Texas to capture travelers in our key feeder markets.

The media partners VTB recommends are Expedia and Sojern. These partners were selected based on premium inventory and historically high average daily rate (ADR). In addition, these partners can provide incremental booking information like booking location, hotel property name and booked ADR. VTB projects a total revenue of \$1M+ for the length of this campaign FY 2022. The projected revenue is based off a 2.5:1 return on ad spend (ROAS) goal. The campaign will be optimized on an ongoing basis based on return on ad spend (ROAS) performance. As reference, previous TMD campaigns generated return on ad spend (ROAS) of 4:1 to 12:1.

TMD funding for convention concessions has secured 3 conventions in FY 2022 with a combined estimated event impact of \$7.9 million. During the period of FY 2022 – FY 2026, TMD convention concession funding is currently projected to generate \$52.8 million in estimated event impact from 11 citywide conventions. Each convention is tracked using Visit Tampa Bay’s convention tracking spreadsheet which includes the estimated event impact for each convention secured using TMD funding. This figure is a total estimated impact inclusive of room night revenue generation.

Funding Usage for Convention Sales Concessions

Tourism Marketing District Funding can be applied towards booking meetings and conventions based on the following criteria:

- Outside of 18 months leads should have a minimum peak night of 1,200 rooms
- Within 18 months of arrival a peak night of 800 rooms will apply
- Leads should affect a minimum of 4 contributing TMD hotels

Exceptions to the above qualifying criteria will be considered with approval by TMD steering committee:

- Booked short term
- Lead fills an identified need date or an existing hole between groups
- Lead falls over holiday, or chronically challenging dates

Additional considerations:

- Funds should only be applied to secure new business
- Visit Tampa Bay must source the lead
- Leads should be otherwise cost prohibitive
- Tourism Marketing District participating hotels shall have first priority on any TMD funded leads

DISTRICT ACCOMPLISHMENTS

- Litigation Support – Oliva vs. City of Tampa
- Development and Verification of Downtown/Historic Ybor City Tourism Marketing District (TMD) Close-Out Procedures
- Coordination with the City of Tampa City Attorney’s Office, Hillsborough County Tax Collectors’ Office, Civitas Advisors and GrayRobinson Attorneys at Law of background research and construction of projected modifications to proposed City of Tampa TMD ordinance revisions.
- Recruitment and Renewal of participating TMD hotels thru briefings of operational leadership and related property ownership representatives to build support for revised TMD Ordinance.
- Development of the TMD per property allocation formula and budget
- Assessment and Strategic Oversight – TMD Methodology Report

ANY REQUESTED INCREASE TO SPECIAL ASSESSMENT RATE

There is no requested increase in the FY 2022 Downtown/Historic Ybor City Tourism Marketing Budget. The budget for assessment purposes will remain at \$880,000 for the fiscal year.

TMD NEW HOTEL ADDITION(S)

Consistent with current Ordinance, the Association has the capacity to request the City to add additional hotel properties within the boundaries of the Downtown/Historic Ybor City Tourism Marketing District.

The property owners of the Hyatt House Hyatt Place and the Edition have been approached to consider becoming participating members in the District. The necessary procedure to engage a new participating member(s) will be initiated within the need sixty (60) days.

TMD – STATEMENT OF FINANCIAL POSITION

TMD Statement of Financial Position
 As of September 2020

	Total
ASSETS	
Current Assets	
Bank Accounts	
Checking Account	1,398.27
Reserve Account	1,143.42
Total Bank Accounts	\$ 2,541.69
Other Current Assets	
Assessments Receivable	548,554.25
Total Other Current Assets	\$ 548,554.25
Total Current Assets	\$ 551,095.94
TOTAL ASSETS	\$ 551,095.94
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	60,990.50
Total Accounts Payable	\$ 60,990.50
Other Current Liabilities	
Accrued expenses	16,434.33
Total Other Current Liabilities	\$ 16,434.33
Total Current Liabilities	\$ 77,424.83
Total Liabilities	\$ 77,424.83
Equity	
Retained Earnings	353,137.94
Net Income	120,533.17
Total Equity	\$ 473,671.11
TOTAL LIABILITIES AND EQUITY	\$ 551,095.94

Accrual Basis

TMD – STATEMENT OF REVENUE AND EXPENSES

For the period of October 1, 2019 – September 30, 2020

	<u>Budget</u>	<u>Actual</u>
REVENUE		
TMD Revenue	1,100,000.00	0.00
Interest	0.00	548,554.25
Total Tourism Marketing District Revenue	1,100,000.00	548,574.75
TMD EXPENSES		
<u>Agreement Mandated Support Costs</u>		
GrayRobinson (Tri-Party Agreement Litigation Costs)	240,000.00	197,225.45
City of Tampa Administrative Fee	10,200.00	0.00
Tax Collector Administrative Fee	10,200.00	5,485.54
Total for Agreement Mandated Support Costs	260,400.00	202,710.99
<u>Contractors</u>		
Total for Administrative Assistant Services	18,000.00	9,000.00
Total for Executive Director Services	48,000.00	28,000.00
Total for Contractors	66,000.00	37,000.00
<u>Legal & Professional Services</u>		
GrayRobinson TMD Legal Advisory Services	7,000.00	0.00
U.S. Legal Support	0.00	158.60
Fishkind Litigation Services	0.00	20,000.00
Frazier & Deeter	10,000.00	0.00
Total for Legal & Professional Services	17,000.00	20,158.60
<u>Office/General Administrative Expenses</u>		
Bank Charges & Fees	0.00	614.75
General Administrative Expense - QuickBooks	0.00	420.00
Miscellaneous Office/General Administrative Expenses	0.00	138.73
Total Office/General Administrative Expenses	1,000.00	1,173.48
<u>TMD Tourism Enhancement Services</u>		
TMD Tourism Enhancement Services - Digital Marketing	550,000.00	166,998.51
Concession / Convention Center Buy-Down	200,000.00	0.00
Total for TMD Tourism Enhancement Services	750,000.00	166,998.51
Total for Expenses	1,094,400.00	428,041.58
Net Income	5,600.00	120,533.17

Accrual Basis

TOURISM MARKETING DISTRICT FY2022 PROPOSED BUDGET

For the period of October 1, 2021 – September 30, 2022

	<u>Budget</u>	<u>Actual</u>
REVENUE		
TMD Revenue	880,000.00	0.00
Interest	0.00	0.00
Total Tourism Marketing District Revenue	880,000.00	0.00
TMD EXPENSES		
<u>Agreement Mandated Support Costs</u>		
GrayRobinson (Tri-Party Agreement Litigation Costs)	0.00	0.00
City of Tampa Administrative Fee	10,200.00	0.00
Tax Collector Administrative Fee	10,200.00	0.00
Total for Agreement Mandated Support Costs	20,400.00	0.00
<u>Contractors</u>		
Total for Administrative Assistant Services	18,000.00	0.00
Total for Executive Director Services	48,000.00	0.00
Total for Contractors	66,000.00	0.00
<u>Legal & Professional Services</u>		
GrayRobinson TMD Legal Advisory Services	60,000.00	0.00
Miscellaneous Legal & Professional Services	20,000.00	0.00
Frazier & Deeter	10,000.00	0.00
Total for Legal & Professional Services	90,000.00	0.00
<u>Office/General Administrative Expenses</u>		
Bank Charges & Fees	700.00	0.00
General Administrative Expense - QuickBooks	500.00	0.00
Miscellaneous Office/General Administrative Expenses	500.00	0.00
Total Office/General Administrative Expenses	1,700.00	0.00
<u>TMD Tourism Enhancement Services</u>		
TMD Tourism Enhancement Services - Digital Marketing	550,000.00	0.00
Concession / Convention Center Buy-Down	150,000.00	0.00
Total for TMD Tourism Enhancement Services	700,000.00	0.00
Total for Expenses	878,100.00	0.00
Net Income	1,900.00	0.00

Accrual Basis

EXHIBIT 1

**VISIT TAMPA BAY
FY22 TMD Strategy**

FY22 TMD Strategy



Planning Parameters

- Objective
 - Increase room nights and booking revenue for the 10 Treasure Collection hotels by converting active travel intenders
- KPI
 - Booking nights, Revenue, Return on ad spend (ROAS)
- Timing
 - October 2021 – September 2022
- TMD Brand Platform
 - Florida's Most Hotel Hotspots
- CTA to TampaTreasureCollection.com
- Planning Budget: \$500k
 - \$425k – Digital display
 - \$50k – Reserve for special opportunity
 - \$25k – Creative development



Strategy – Digital Display

- Extend reach across high potential markets efficiently by focusing on travel intenders at decision time of the booking journey through top OTA and travel data partners
- Optimize campaign towards driving hotel bookings for the Treasure Collection hotels by targeting travel intenders and searchers to Tampa, competitive destinations, Florida and previous Hillsborough County visitors
- Geo-targeting focused to East of the Mississippi + Texas to capture travelers in our key feeder markets
- Partners selected based on premium inventory and historically high ADR

Recommended Media Partners



OTA (Online Travel Agency)



Travel Data Partner

Projected Revenue

- Total media investment: \$425k
- Total projected revenue: \$1M+
 - Projected revenue is based off a 2.5:1 return on ad spend (ROAS) goal
 - Campaign to be optimized on an ongoing basis based on return on ad spend (ROAS) performance
 - Previous TMD campaigns generated return on ad spend (ROAS) of 4:1 to 12:1



TREASURE COLLECTION

Creative Examples



Expedia

Flights Hotels Bundle and Save Cars Cruises Things to Do Vacation Rentals Deals Rewards Mobile

ORIGIN: New York, NY, United States (LGA)
DESTINATION: Tampa, FL, USA
DATES: Mon, Nov 4 - Mon, Nov 11
ROOMS: 1
TRAVELERS: 1 adult

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Riverbend Retreat - Fla. ★★★★★
New to Expedia
We are sold out
11/4/2019 - 11/11/2019

The Pickett Fence ★★★★★
Tampa
We are sold out
11/4/2019 - 11/11/2019

FLORIDA'S MOST AMAZING DEALS

TAMPA BAY FLORIDA

FIND A HOTEL



PAPER CITY

FASHION SOCIETY RESTAURANTS REAL ESTATE CULTURE ARTS HOME + DESIGN EVENTS

DALLAS

HOME + DESIGN / ARCHITECTURE

River Oaks' Own English Wonder Garden

How the Landscaping and Expertise of Lanson B. Jones Created a European-Worthy Retreat in Houston

BY PROMOTED SERIES CORRESPONDENT

FLORIDA'S MOST AMAZING DEALS

TAMPA BAY FLORIDA

FIND A HOTEL

EXHIBIT 2

FISHKIND LITIGATION SERVICES
Special Assessment Methodology Report Downtown/Historic Ybor
Tampa Tourism Marketing District

EXHIBIT "A"

**SPECIAL ASSESSMENT
METHODOLOGY REPORT
CITY OF TAMPA
DOWNTOWN/HISTORIC YBOR
TAMPA TOURISM MARKETING
DISTRICT**

Updated October 1, 2020

Prepared for

Hillsborough County Hotel & Motel Association

Prepared by

**Fishkind Litigation Services, Inc.
12051 Corporate Boulevard
Orlando, Florida 32817
407-382-3246
Fishkindlitagionservices.com**

Special Assessment Methodology Report Downtown/Historic Ybor Tampa Tourism Marketing District

1.0 Background

The City of Tampa established the Downtown/Historic Ybor Tampa Tourism Marketing District via Ordinance 2017-42 which amended the City Charter to include a new Chapter 24.5. Section 24.5-7 describes the services (“Services”)¹ the District provides including: destination marketing, promotional activities, and advertising to maximize incremental room nights for the assessed tourism properties in the District. According to Section 24.5-8, District Services are funded from the proceeds of special assessments levied on the lots or parcels of land in the District benefited by the Services. The District imposes its special assessments by adopting a District Assessment Resolution under Section 24.5-13, following a public hearing as specified in Section 24.5-9.

Table 1 lists the hotels in the District constituting the lots or parcels of land in the District that benefit from the Services. The benefits of the Services and the lots or parcels that receive special benefit from the Services is fully discussed later in this report. There are 11 hotels comprising 3,022 rooms.

The Hillsborough County Hotel & Motel Association (“HCHMA”) commissioned this report (“Report”) to provide the data and analysis required under Section 24.5-9, the “Proceedings”, to impose special assessments to pay for the District’s Services. The Report discusses: (1) the Services to be funded from the assessments; (2) costs of the Services; (3) allocation of the Service costs among the benefiting properties (“Properties”); (4) the special benefits to the Properties provided by the Services; (5) analysis of the equitable nature of the allocation of Service costs; and (6) the assessment roll.

¹ Services are defined in the Ordinance in Section 24.5-2.

Table 1. Hotels Benefiting from the District’s Services

Hotel Name	# Rooms	Address
Aloft Tampa Downtown	130	100 West Kennedy Blvd., Tampa, FL 33602
Embassy Suites Hotel Tampa Downtown Convention Center	360	513 South Florida Avenue, Tampa, FL 33602
Epicuren Hotel	137	1207 South Howard, Tampa, FL 33606
Hampton Inn & Suites, Ybor	138	1301 East 7th Avenue, Tampa, FL 33605
Hilton Garden Inn Tampa Ybor	95	1700 East 9th Avenue, Tampa, FL 33605
Le Meridien Tampa	130	601 North Florida Avenue, Tampa, FL 33602
Marriott Tampa Waterside Hotel & Marina	727	700 South Florida Avenue, Tampa, FL 33602
Sheraton Tampa Riverwalk Hotel	277	200 North Ashley, Tampa, FL 33602
The Barrymore Hotel Tampa Riverwalk	331	111 West Fortune Street, Tampa, FL 33602
JW Marriott Tampa Water Street	519	613 S. Morgan Street, Tampa, FL 33602
Hotel Haya	178	1401 E. 7th Avenue, Tampa, FL 33605
	=====	
	3,022	

2.0 The Legal and Economic Requirements for Valid Special Assessments in Florida

2.1 Requirements for Valid Special Assessment

Non ad valorem special assessments are defined in Chapter 197.3632((1)(d) “as only those assessments which are not based upon millage and which can become a lien against a homestead as permitted in s. 4, Art. X of the State Constitution.” Although both property taxes and special assessments are compulsory levies on property, special assessments are distinguished from property taxes because special assessments must provide a special benefit to the assessed property.² In addition, unlike taxes, with special assessments there must be a connection between the governmental expense funded through the assessment revenues and the properties being assessed.³

² van Assenderp, Keza et al., “Dispelling the Myths: Florida 's Non-Ad Valorem Special Assessments Law”, Florida State University Law Review, Volume 20, Issue 3, page 831.

³ City of Boca Raton, v. State, 595 So.2d 25 (Fla 1992)

Valid special assessments under Florida law require two things. First, the properties assessed must receive a special benefit from the improvements paid for via the assessments that exceeds the burden of the debt placed upon them. Second, the assessments must be fairly and reasonably allocated to the properties being assessed in proportion to the benefits they will receive.⁴

If these two characteristics of valid special assessments are adhered to, Florida law provides wide latitude to legislative bodies, like the City of Tampa, in approving special assessments. Indeed, Florida courts have found that mathematical precision is probably impossible, but if reasonable people disagree the assessment will be upheld. Only if the City was to act in an arbitrary, capricious or grossly unfair fashion would its assessment method be overturned.

One of the leading cases concerning special assessments is *City of Winter Springs v. State of Florida*.⁵ A number of aspects of the Supreme Court's decision bear on the special assessments contemplated here. First, concerning the special benefits the Court noted, "If reasonable persons may differ as to whether the land assessed was benefitted by the local improvement, the findings of the city officials must be sustained." Second, the Court stated that "... though a court may recognize valid alternative methods of apportionment, so long as the legislative determination by the City is not arbitrary, a court should not substitute its judgment for that of the local legislative body."

2.2 The Special Benefit Requirement

The Florida Supreme Court has provided clear guidance concerning what constitutes a special benefit in *Lake County v. Water Oak Management*.⁶ "In evaluating whether a special benefit is conferred to property by the services for which the assessment is imposed, the test is not whether the services confer a "unique" benefit or are different in type or degree from the benefit provided to the community as a whole; rather, the test is whether there is a "logical relationship" between the services provided and the benefit to real property. *Whisnant v. Stringfellow*, 50 So.2d 885 (Fla.1951); *Crowder v. Phillips*, 146 Fla. 440, 1 So.2d 629 (1941)(on rehearing)... It is not necessary that the benefits be direct or immediate, but they must be substantial, certain, and capable of being realized within a reasonable time."

⁴ *City of Winter Springs v. State*, 776 So.2d 255 (Fla 2003) and *City of Boca Raton, v. State*, 595 So.2d 25 (Fla 1992)

⁵ *City of Winter Springs v. State*, 776 So.2d 255 (Fla 2003)

⁶ *Lake County v. Water Oak Management*, 695 So. 2nd 667 (Fla. 1997)

Special benefits can be measured by: (a) an increase in market value of the property, (b) lower insurance rates, or (c) added use and enjoyment of the property.⁷

2.3 Special Benefits and General Benefits

The provision of the Services will create both: (1) special benefits to the Properties and (2) general benefits to other properties in the City and surrounding Hillsborough County. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to the Properties.

The provision of the Services confers special benefits in the Properties by increasing their market values. As discussed below, the Services increase the number of rooms nights sold by the Properties. This boosts their gross revenue and net profit thereby increasing the market value of the Properties.

There is no doubt that the general public, and other property owners in the City and in Hillsborough County are benefitted by the Services. However, these benefits are incidental. Other properties are not directly benefitted by the direct promotion and advertising supported by the Services. Instead, they receive indirect benefits if they receive any at all.

2.3 Equitable Apportionment Requirement

As noted above the Florida Supreme Court found that the precise manner used to apportion the costs are immaterial so long as the amount of the assessment is not in excess of the proportional benefits as compared to other assessments on other properties. Governments have used a wide variety of apportionment methods including front feet, property value, equivalent units, and trip rates.

3.0 Analysis of the Special Assessments Imposed by the District to Fund Provision of its Services

3.1 Analysis of the Services

As summarized above, the District is authorized to provide certain tourism marketing and promotional services pursuant to the authority granted in Section 24.5-7 reproduced for convenience below (emphasis added herein).

⁷ Van Assenderp, Op. Cit., page 861 and Indian Creek Country Club v. Indian Creek Village, 3rd DCA (Fla 2017)

The services to be provided within the District shall consist of any destination marketing or promotion related activities, advertisements, or services to promote and advertise tourism and the availability of accommodations, so long as the message and focus of the activities, advertisements or services is targeted primarily to attract customers from areas at least seventy-five (75) miles distant from the boundaries of the District.

These Services are defined Section 24.5-2 as follows (emphasis added herein).

"Services" means marketing and promotions which will enhance tourism to be funded from the proceeds of the assessment. Services shall be designed to maximize incremental room nights for the assessed tourism properties. Services shall not include any capital improvements including but not limited to: the acquisition, construction, installation or maintenance of any tangible public property, including parking facilities, parks, planting areas, fountains, benches, booths, kiosks, display cases, pedestrian shelters, signs, trash receptacles, public restrooms, ramps, sidewalks, plazas, pedestrian malls, lighting and heating of public facilities; and the closing, opening, widening, or narrowing of existing or new streets.

The District's annual report for FY2019 documented the range of Services provided.⁸ The District conducted an extensive digital marketing campaign in both the winter and summer seasons. The campaigns generated over 52 million impressions resulting in over \$5,000,000 of incremental room night revenue from trackable reservations at the Properties. The return on investment was in excess of 10:1. The District also promoted meetings at events in the Properties resulting in nearly 100 leads that produced two additional conferences. The District also promoted the NHL Playoffs held in Tampa along with other destination marketing initiatives.

3.2 Cost of the Services Proposed for Fiscal 2020-21

For FY2020-21 the District has proposed a budget of \$888,823. Preliminary plans indicate that these funds would again be focused on digital marketing and destination promotional activities similar to last year's efforts.

⁸ "Tampa Bay Florida FY2019 TMD Report"

3.3 Special Benefits to the Properties from the Services

The special benefits to the Properties from the Services was empirically demonstrated last year. As noted above in Section 3.1, the Services generated over \$5,000,000 in directly attributable, incremental, room night revenues for the Properties last year exclusively from the District's digital marketing campaign. The total incremental impact of the complete compliment of Services on room nights will certainly be far higher. Even so, the documented \$5,000,000 in incremental room night revenues will increase the market sale of the Properties far in excess of the assessments that funded the Services.

Incremental room night revenue of \$5,000,000 is meaningful for the Properties. According to data from STR, the authoritative source for the hospitality industry, the Properties generated total revenue of \$159,541,943 in 2019.⁹ The \$5,000,000 incremental contribution increased total revenues by 3.2%.

The hotel industry has high fixed costs and relatively low variable costs.¹⁰ In general, the fixed costs as a percentage of revenue is generally higher than 60% for most hospitality-based operations and variable costs are 40% or less. Thus, a \$5,000,000 increase in incremental room revenue will translate into at least \$3,000,000 in increased profit.

The market value of a hotel property is generally estimated by the properties net operating income divided by a capitalization rate ("Cap Rate"). CBRE's latest survey of Cap Rates indicates an 8% Cap Rate for all hotels.¹¹ Based on these metrics, the Services increased the market value of the Properties by at least \$62,500,000 (\$5,000,000 / 8%).

3.4 Allocation of the Service Costs among the Properties

There are a variety of potentially equitable methods to allocate the cost of the Services among the Properties. Considering that the special benefit of the Services is the incremental room night revenue resulting from the Services, the two most logical alternatives would be: (a) the

⁹ STR, "STR Trend Report"

¹⁰ Stringman, et al. (2015), [A Profile of the Hospitality Industry](#), BEP: New York, Chapter 2. Wood, Roy (2013), [Key Concepts in Hospitality Management](#), Sage: New York, pages 56-68 <https://businessecon.org/2015/07/07/hospitality-industry-characterized-by-high-fixed-costs/>

¹¹ CBRE (January 2020), "U.S. Cap Rate Survey" <http://cbre.vo.llnwd.net/grgservices/secure/H2%202019%20US%20Cap%20Rate%20Survey%20Advance%20Review.pdf?e=1582906332&h=a561562f9e77cfd73232d27b171ff0ba>

number of rooms or (b) the market value of the Properties. Each method was carefully considered.

Allocation based on the number of rooms is recommended as most equitable and proportionate to the special benefit for the following reasons. First, incremental room night revenue is first a function of the number of available rooms. Second, comparing data for: (a) the actual incremental room night revenues generated per hotel room from Expedia to (b) the average incremental room night revenue for the Properties as a whole demonstrated that there was little difference. In other words, the average incremental room night revenue for the entire group of properties was reasonably representative of the Expedia data for each of the individual hotels.

4.0 Assessment Roll

Based on the proposed budget of \$888,823 for FY2020-21 the number of rooms per hotel property, Table 2 presents the assessment roll.

Table 2. District Assessment Roll for FY2020-21

Parcel ID Number	Hotel Name	Rooms	Assessment
A-24-29-18-4ZI-000000-00003.0	Aloft Tampa Downtown	130	\$38,235
A-24-29-18-4ZM-000107-00008.0	Embassy Suites Hotel Tampa Downtown Convention Center	360	\$105,882
A-26-29-18-98H-000000-00002.0	Epicuren Hotel	137	\$40,294
A-18-29-19-50N-000028-00005.0	Hampton Inn & Suites, Ybor	138	\$40,588
A-18-29-19-50N-000071-00000.0	Hilton Garden Inn Tampa Ybor	95	\$27,941
A-24-29-18-4ZI-000047-00001.0	Le Meridien Tampa	130	\$38,235
A-24-29-18-4ZM-000000-00049.0	Marriott Tampa Waterside Hotel & Marina	727	\$213,823
A-24-29-18-4ZI-000080-00000.0	Sheraton Tampa Riverwalk Hotel	277	\$81,471
A-13-29-18-4YP-000000-0007B.1	The Barrymore Hotel Tampa Riverwalk	331	\$97,353
A-24-29-18-4ZM-000112-00002.0	JW Marriott Tampa Water Street	519	\$152,647
A-18-29-19-50N-000035-00005.0	Hotel Haya	178	\$52,353
		=====	=====
		3,022	\$888,823

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