

Tourism Improvement District and the Colorado Convention Center Expansion Project

Tourism Improvement District Ordinance
Project Update and Financial Structure



June 7, 2017

An aerial, grayscale photograph of a city street. In the foreground, a white tram is moving along a track. To the right, a large, modern building with a glass facade is visible. The background shows other city buildings and streets.

Presentation Objective

To present a summary of a proposed legal and financial structure – a Tourism Improvement District (TID) – to fund tourism-related facility improvements and services, which primarily include an expansion of the Colorado Convention Center.

This presentation discusses the expansion project, including historical milestones, scope elements and cost estimates, market demand, program management and a proposed plan of finance.



SAG Study Convention Center Findings

Competitive Industry Cities building new convention & meeting infrastructure

Focus on growth of smaller/mid sized events in order to grow this market

New meeting and event spaces to accommodate additional convention business, public events and activation of the center.

Enhance technology services and capacities throughout the center that will expand bandwidth and Wi-Fi access to accommodate growing demand

Create innovative specialty space for business networking throughout the center to enhance continuing education, business development, and innovation



Convention Center Competition is Fierce



Austin City Council Hears Funding Options for New Convention Center
February 9, 2017 Austin Monitor



Price tag of Seattle convention-center expansion hits \$1.6 billion
June 9, 2016 - The Seattle Times



Las Vegas Council Approves Room Tax Hikes to Fund Convention Center Improvements
Jan 5, 2017 Las Vegas Review



Dallas tourism officials press for upgrades to convention center
29 October 2014 Dallas News



OC REGISTER.com

Anaheim Convention Center expansion is on time, and already getting booked
December 13, 2016 - Orange County Times



Convention center study is a go
March 18, 2015 U-T San Diego

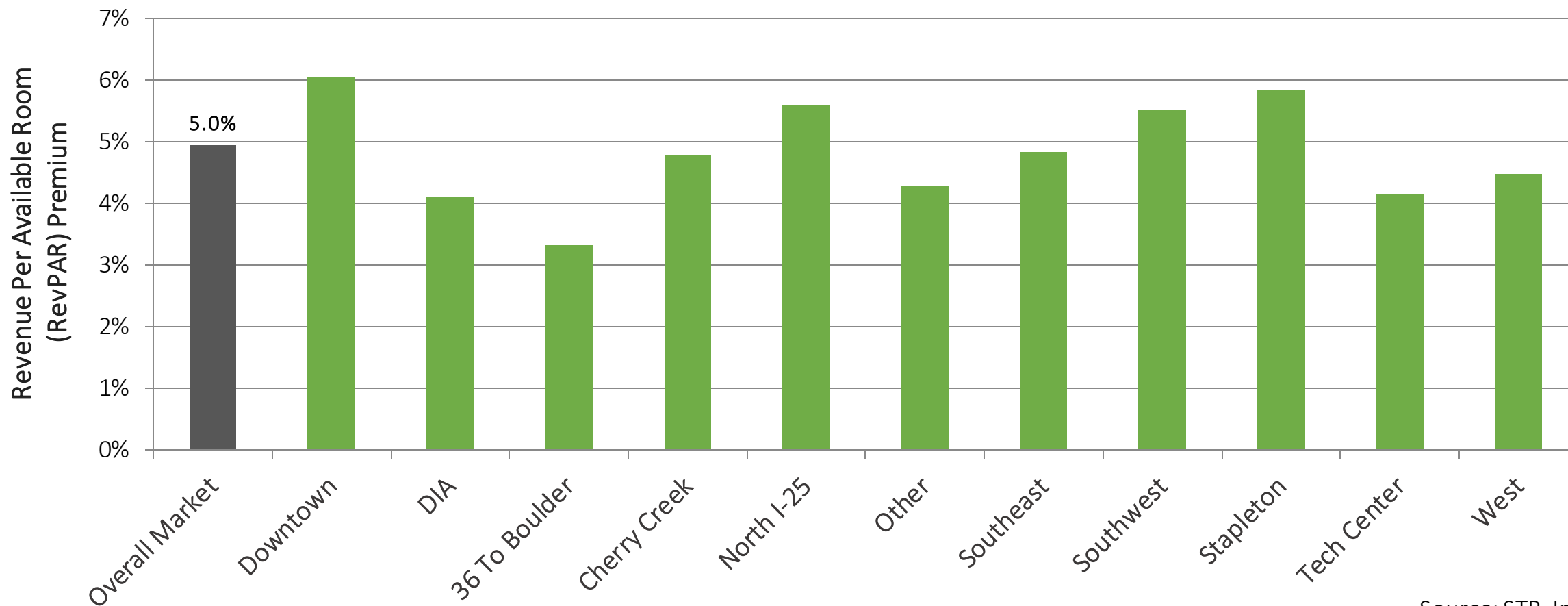


Economic Impact

- ❖ 25 additional conventions per year
- ❖ 36,000 new attendees
- ❖ More than \$85 million in annual economic impact
- ❖ \$47.2 million annual direct spending
- ❖ Negative impact of doing nothing could result in millions of dollars of lost business

Hotels Citywide Benefit from the Colorado Convention Center

All CCC Events



Scope Elements

Rooftop Expansion

- Increase multi-function flexible meeting space
- Rooftop terrace
- Additional support space

D & E Lobby Improvements

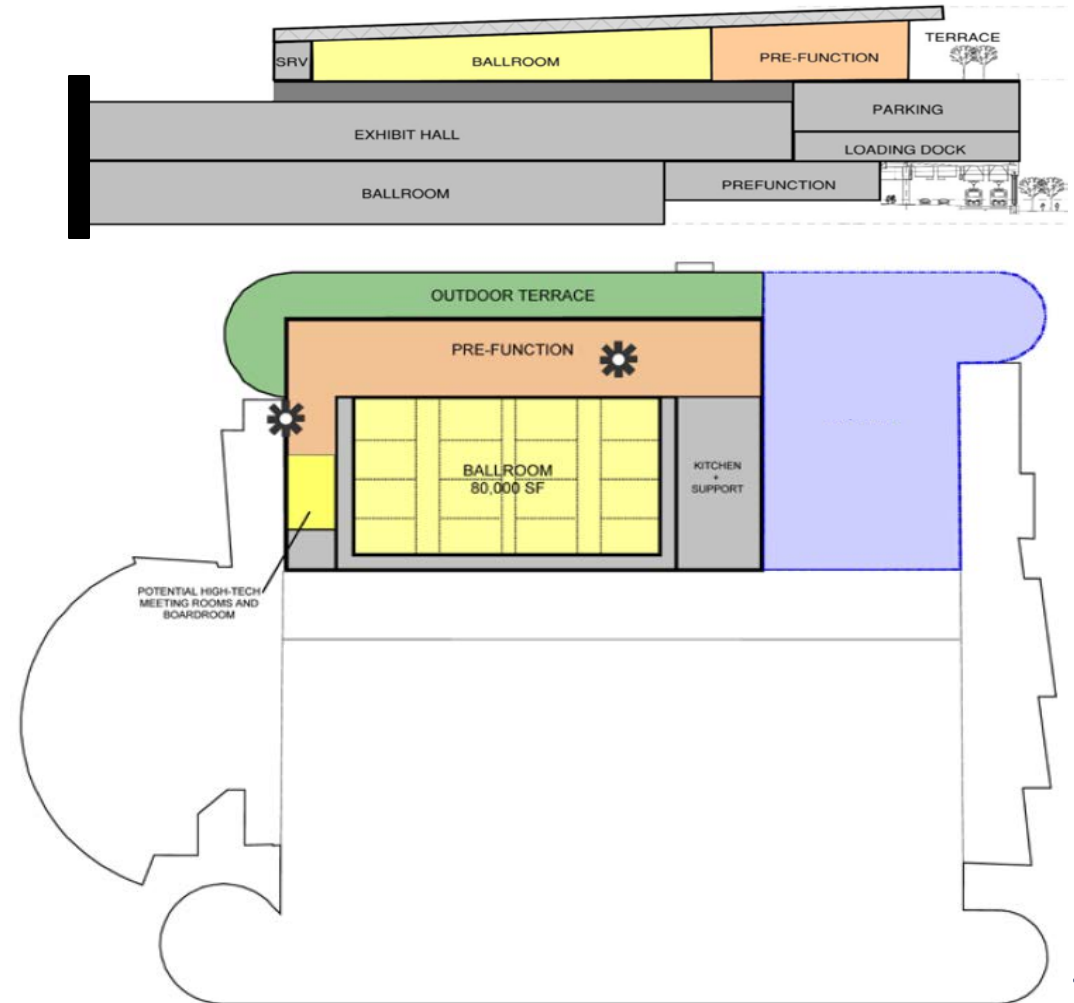
- Modify lobbies to accommodate access to rooftop expansion

B Lobby Improvements

- Enhance the arrival experience from Welton

Interior & Exterior Wayfinding

- Improved navigation

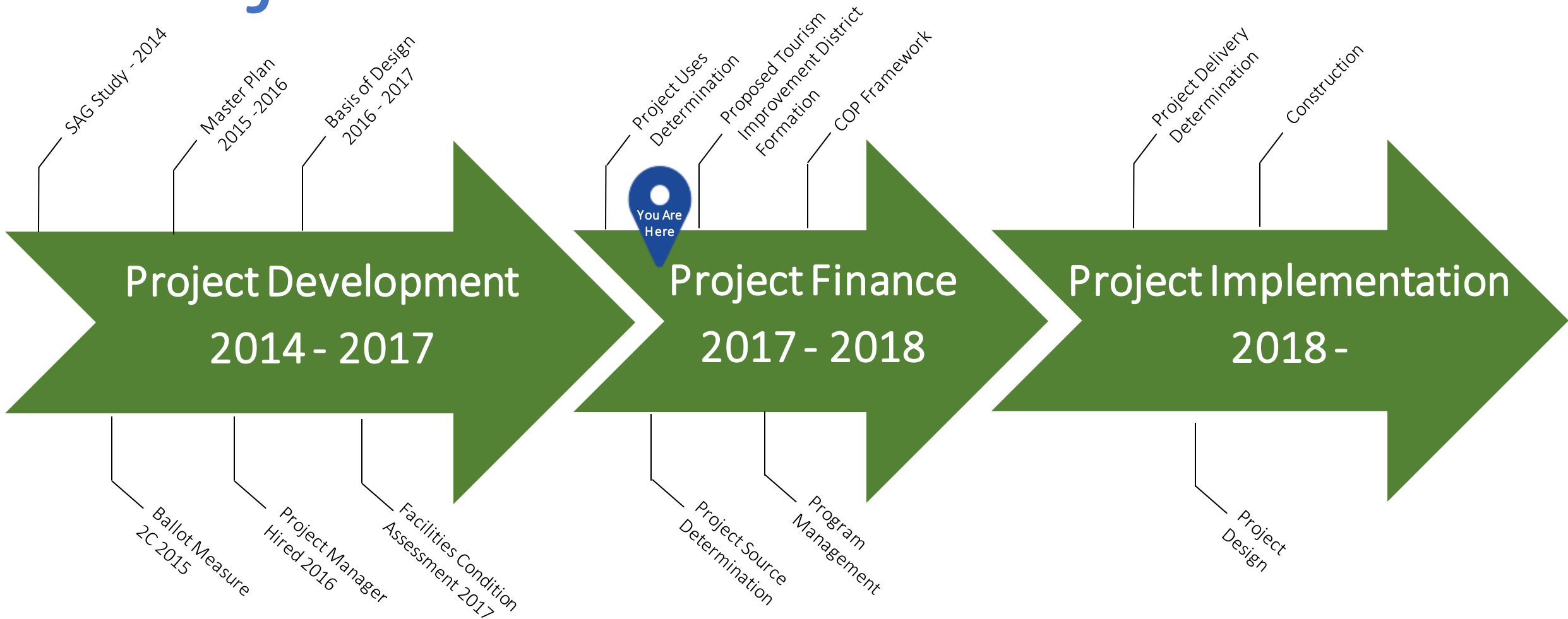




Basis of Design Cost Estimates

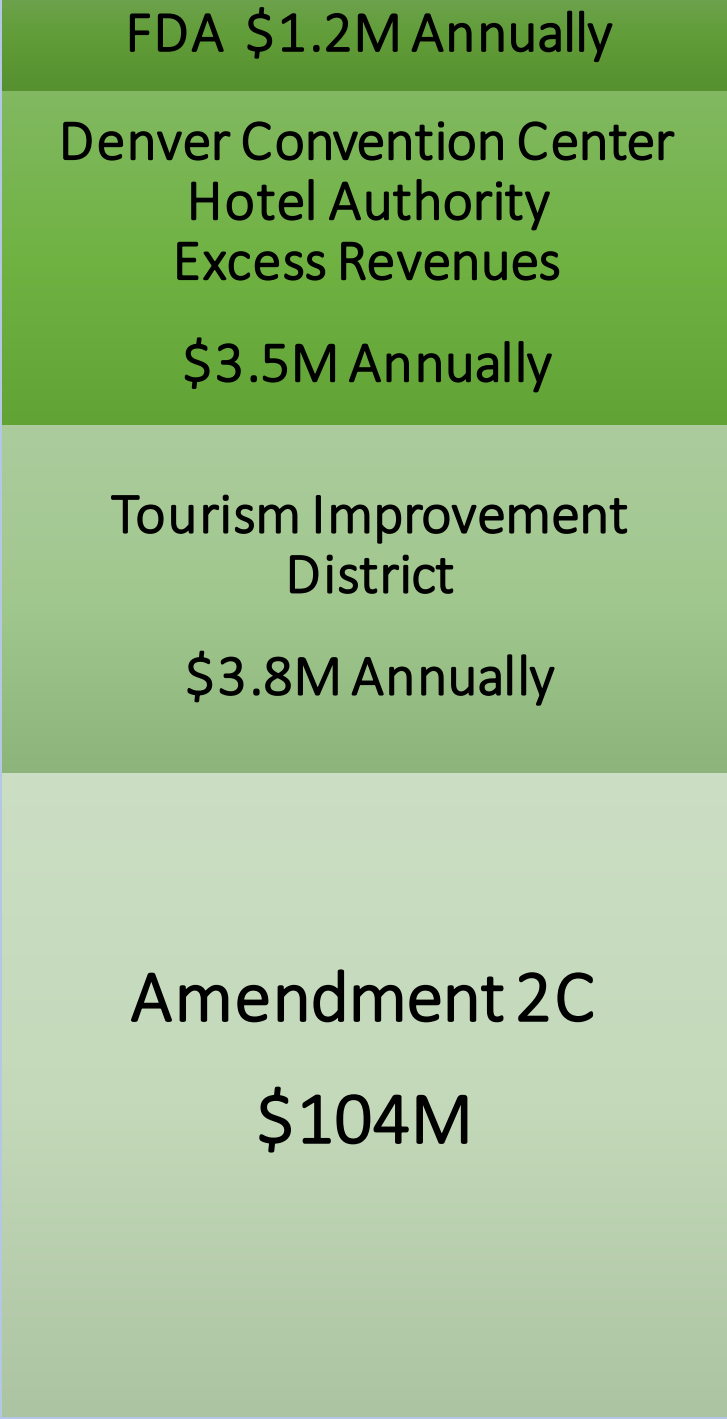
Scope Element	Cost Estimate
Rooftop Expansion including Multi-Function Room and Support Spaces	\$217M
D Lobby Improvements	\$1.5M
E Lobby Improvements	\$4M
B Lobby Improvements	\$7M
Interior and Exterior Wayfinding	\$3.5M
Total Estimate	\$233M

Project Milestones



\$233M Capital Stack

COP Financing



Facilities Development Admission tax equal to 10% of admission price to ticketed events. \$1.8M collected at CCC in 2016.

The Economic Development Agreement with the Authority entitles the City to payments in lieu of taxes and excess revenues not required for debt service or other obligations.

Proposed structure functions similarly to a Business Improvement District (BID) whereby TID members (hotels) within a geographic area vote to levy taxes on themselves or their guests.

At the November 2015 election, City voters approved an extension of the 1.75% lodger's tax and short-term car rental tax (as well the issuance of bonds) to fund a portion of the total project cost of the National Western Center campus and the expansion of the Colorado Convention Center.



What is a TID?

- ❖ Mechanism for funding tourism-related facility improvements and services, functioning similarly to a Business Improvement District (BID).
- ❖ TID members (hotels) within a geographic area can vote to levy taxes on themselves or their guests.
- ❖ Funds collected by the TID can support capital improvement projects of publicly-owned tourism-related facilities and enhanced tourism marketing.
- ❖ TIDs are used elsewhere in the U.S., and are very common in California. However, the proposed TID ordinance would be the first of its kind in Colorado.

TID Creation

AUTHORITY TO FORM TIDs



City Council will create a Tourism Improvement District pursuant to the City's home rule authority.

LEGAL STATUS



Legally distinct from the City. Purpose is to fund capital improvements, capital maintenance, and services to benefit tourism to Denver.

PROCESS



City Council will consider forming a TID after a petition is submitted with sufficient signatures, public notice is made, and a public hearing is held.

GENERAL CONTENTS OF PETITION



Petition will outline the boundaries of the TID, its purposes, powers, composition of the Board and sources of funding.

TID ELECTORS



Natural person qualified to vote in a general election who represents an entity that holds a lodger's tax license for a hotel with 50 rooms or more.

BOUNDARIES



Boundaries of a TID may be coterminous with the City and County's boundaries, or smaller.

TID Operations

POWERS



Power to sue and be sued. Power to enter into contracts. Power to levy taxes, fees, and assessments.

ACCOUNTABILITY



Subject to Colorado Open Records Act (CORA) and Denver's open meetings rules.

GOVERNANCE



A board of 5 to 9 members nominated by TID Electors, appointed by the Mayor, confirmed by City Council and serve at the pleasure of the Mayor.

ANNUAL PLAN AND BUDGET



Must annually file an operating plan and budget, subject to annual Council review and approval in a manner similar to BIDs.

FUTURE INCLUSIONS OF HOTELS



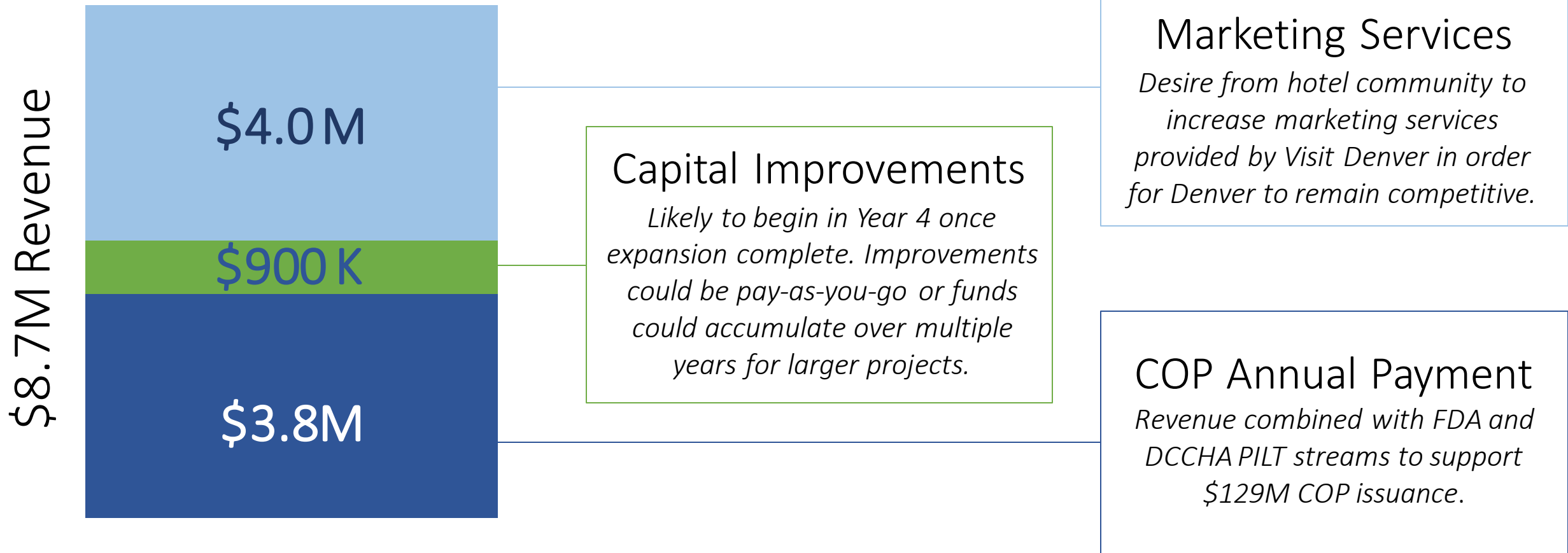
The TID may ask to automatically include any hotels of 50 or more rooms that are built in Denver in the future.

DISSOLUTION



Perpetual existence unless shorter term set forth in the creation ordinance. Manager of Finance can initiate dissolution with public notice and hearing.

Sample TID Budget



Next Steps

1

Adoption of enabling ordinance authorizing the creation of TIDs in Denver

2

Submission of a petition signed by at least 30% of the hotels to be included in the TID.

3

Adoption of a creation ordinance forming the TID and spelling out its powers and duties.

4

Referral of the TID tax by the TID board to the November 7 election date; approval of a majority of the businesses to be included in the TID required.

5

Tax implementation by DOF under contract with the TID board, with collection of TID tax to be coordinated with collection of regular city taxes.

6

TID tax revenues to be distributed in accordance with the purposes set forth in the creation ordinance.

Thank You

