Aransas County Commissioners Court
Calls Special Election for May 8, 2010
For Voter Approval to Adopt a 2% Venue Tax

Q1: What is a venue (visitor) tax?

A1: A venue tax is a tax on hotel/motel rooms paid by visitors and is used to pay for venues (conference centers, visitor centers, aquariums, and other facilities) that will attract out of town visitors to our community and increase quality of life for county residents. This will increase the occupancy tax from 13 to 15%. Many Texas cities are currently at 15 to 17%.

The 8 May 2010 Special Election is specifically for a Conference Center (Ballot item #1), a Visitors Center (Ballot item #2), and Aquarium Education Center (Ballot Item #3). Each item should be considered separately but all will be funded by the new 2% visitors tax if approved.

Q2: How will a visitor tax benefit Aransas County citizens?

A2: Our local economy is largely dependent on tourism. Our hotels, restaurants and other retail establishments need an expanding base of business in order to flourish. Each new dollar spent by visitors has a multiplier effect on our economy in the form of increased revenues to our local businesses, increased employment, increased wages, and increased sales and hotel occupancy tax collection.

The facilities (venues) constructed with the generated hotel occupancy tax will provide an additional customer base for local dining facilities and other retail operations. Industry studies estimate that conference attendees spend approximately $65 on daily expenditures in addition to transportation and lodging. It is projected that this demand will support our tourism infrastructure and help market our community to new and expanding retail and restaurant operations. In addition, these conference attendees will be introduced to our community and may very well return for family vacations, other leisure activities, or real estate purchases.

This type of tax allows visitors to shoulder the cost of visitor venues rather than local residents. This visitor tax has been used successfully in many cities such as San Antonio's funding of the Riverwalk expansion and Spurs coliseum.

Q3: How will a Conference Center help accomplish the benefits projected?

A3: Our tourism is heavily weighted toward the weekend traveler. Most hotels/motels are close to sold out levels Thursday thru Saturday nights. Sunday thru Wednesday nights, however, often averages less than 20% occupancy.

The objective is to attract new group meeting demand into the area that is typically scheduled during the week. Current efforts to attract this market have been severely hampered by not having a properly designed facility (i.e., no break-out rooms) to accommodate these groups.

Q4: Will this Conference Center be available for local social events?

A4: Yes. We have local social demand (weddings, tournaments, banquets, proms, etc) that is being satisfied outside of our community, especially on the weekend. This social demand is attracted to this type of venue for price, decorating flexibility, and outside catering options. These social events tend to be one-day bookings but can be a significant source of rentals and food/beverage revenue.

Q5: Will this visitor tax raise our property or sales taxes in Aransas County?

A5: NO! Visitors staying in our local hotels/motels will pay the new 2% visitor tax. This will mean a $2 increase for a $100 rental.

Q6: Will the additional 2% visitor tax be enough to construct all of the facilities described in the three propositions?

A6: Yes. A 2% visitor tax will cover the projected construction, debt service, and any land lease costs for all three proposed facilities.

Q7: How will these facilities be maintained and operated?

A7: Management of the Conference Center will be the responsibility of the County Commissioners Court with possible contracting to outside sources. The Rockport-Fulton Chamber of Commerce will manage the Visitors Center. The Chamber of Commerce could also lease the administrative offices adjacent to the Visitors Center at a negotiated market rate. The Aquarium at Rockport Harbor Inc (an existing non-profit organization) will operate, maintain and manage the Aquarium Educational Center. It is contemplated that any operating deficits from the Conference Center will be shared proportionately by hotel/motel occupancy taxes collected by Aransas County, City of Rockport, and Town of Fulton. Any excess revenues such as those experienced by other Texas cities will be used to reduce debt at a faster rate or for future publicly approved facilities.

It should be noted that the strong desire (and significant Feasibility Study recommendation) is to locate the Conference Center on waterfront or waterview property. The possible locations include areas from north of Fulton to southern Rockport.

Q8: How can we be sure that this initiative will be successful?

A8: The projections of revenues and costs are based on an independent feasibility study conducted by PKF Consulting (dated 19 January 2010) funded by the Aransas County Commissioners Court. A

copy of this report is available at <aransascounty.org> under public notices The estimated results are based on competent and efficient management of the site selection, design, construction, and operation of these facilities. The staffing of the Conference Center will require effective oversight by a committee with representatives from all three entities collecting the hotel/motel occupancy taxes.

Q9: What are the estimated sizes and initial cost of the three facilities?

A9: It is estimated that the Conference Center will be about 20,000 sq ft and cost about $4M. The Visitors Center and Administrative Offices will be about 4,000 sq ft and cost about $700.000. The Aquarium Education Center will be about 2,000 sq ft and cost about $120,000. A committee appointed by the three entities collecting the visitor tax will recommend location and final design of the Conference Center and Visitors Center to the Commissioners Court for final approval. The Aquarium Education Center will be located on Navigation District property at the southeast corner of the existing Aquarium; the preliminary design is contained in a proposal (dated 15 December 2009) available from the Aransas County Judge's Office or the Aquarium.

Q10: What were the conclusions of the referenced feasibility study?

A10: The study provided an independent analysis of the feasibility of locating a new Conference Center in Aransas County and the results are summarized below:

1) The attraction of new group meetings to a conference center will increase mid week lodging demand and induce new spending dollars into the community to support new/expanded retail, restaurant, and lodging development.

2) Rockport-Fulton with its central coast location and scenic views of the Gulf Coast is easily accessible to the major urban areas of Texas.

3) The Rockport-Fulton area is 35 miles from the Corpus Christi Airport and the drive time is similar to other convention markets in outlying metro areas (e.g., Plano, Granbury, Sugar Land, Kerrville, San Marcos, Galveston and Padre Island).

4) The survey of potential users revealed a strong interest in the Rockport-Fulton area for small to medium sized meetings. Most of the interested demand identified was for educational meetings and board meetings ranging in size of 50 to 100 attendees. Almost all demand was for groups of 400 or less.

5) The survey of meeting planners indicated a waterfront location would be an important component for selecting Rockport-Fulton for a meeting or an event. The site analysis indicated a waterfront/view location is more likely to attract new group demand.

6) The recommended facility would be approximately 18,000 square feet, with 12,000 square feet of meeting space. According to analyses of comparable facilities, the estimated development cost of the Conference Center is approximately $4,000,000.

7) The revenue structure proposed for the conference center is rental income with food and beverage provided by outside vendors. Fees at comparable properties were used to determine the pricing guidelines and resulted in projected revenues of $289,150 annually. Expenses are estimated to be approximately $450,000 annually. The $160,850 gap is normally funded through a portion of hotel occupancy taxes. Incremental hotel occupancy taxes directly attributable to the Conference Center and the 2% venue/visitor tax are estimated to produce $6,076,000 over the first ten years of operation. Projected debt service on the facility and the $160,850 gap between operating revenues and operating expenses are expected to total $4,710,000 over the same ten-year period. **The projected excess of $1,366,000 total revenue over costs indicate that this project should support itself.** These results do not include any intangible economic impacts to the community such as the daily spending of $65 by additional visitors and the sales taxes generated from this spending.