



City Manager Report

The City of
OKLAHOMA CITY

NO: 506

DATE: OCTOBER 21, 2014

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH SEPTEMBER 30, 2014

Hotel Tax collections are down \$66,446 or 1.71% through the first quarter of FY 2015.

Hotel Taxes have started off this fiscal year with the first decline since the third quarter of FY 2010. This quarter is being compared to the unusually high collections of the first quarter of FY 2014 when there was an influx of roofers, insurance adjusters, and misplaced residents due to the May storms. According to the Smith Travel Research Report, hotel occupancy has decreased by an average of 3.2% city-wide.

HOTEL TAX COLLECTIONS

Hotel taxes are collected by local hotels and remitted to the City the month after being collected. This report summarizes hotel tax collections for the first quarter of FY 2015 and is limited exclusively to hotel tax. Any sales tax collected by hotels is reported separately in the monthly sales and use tax City Manager report.

The distribution of collections from the City's 5.5% hotel tax is set by ordinance, with 4/11 used to promote convention and tourism, 6/11 for fairgrounds improvements, and 1/11 to sponsor and promote local events. The current rate has been in effect since January 1, 2005. The following table represents year-to-date revenue collections and annual targets for each of these purposes:

	<u>Target</u>	<u>Revenue</u>	<u>Over/Under Target</u>	<u>% Over/Under Target</u>
Convention and Tourism	\$ 1,451,620	\$ 1,392,611	\$ (59,009)	
State Fairgrounds	\$ 2,177,430	\$ 2,088,916	\$ (88,514)	
Event Sponsorship	\$ 362,905	\$ 348,153	\$ (14,752)	
Total	\$ 3,991,955	\$ 3,829,679	\$ (162,276)	-4%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE

QUARTERLY PERFORMANCE			
Sector of City	Q1 Current FY	Q1 Prior FY	Percent Change
Central	982,600	919,271	7%
Northeast	169,056	137,730	23%
Northwest	1,177,806	1,242,117	(5%)
Southeast	225,673	219,506	3%
Southwest	1,274,544	1,377,502	(7%)
TOTAL	3,829,679	3,896,126	(2%)

Central: Despite the decline in overall performance of hotels over last year, the City continues to move in a positive direction in its core area experiencing a 7% increase in the Central Sector. Four new hotels have opened in the Bricktown and Midtown area since the first quarter of FY 2014, with an additional hotel expected to open before the end of the calendar year.

Northeast: The Northeast sector increased 23% from the first quarter last year due to the boundary adjustments which moved four hotels from the Central Sector. This quarter is being compared to a quarter last year that saw extremely high occupancy due to the May tornados. Roofers and insurance adjusters tend to stay in hotels located in the Northeast and Southeast sector due to the generally lower room rates in these areas.

Northwest: Over half of the hotels in the Northwest sector experienced a decrease in sales for the first quarter. One hotel, that had the largest first quarter revenues in the sector for FY 2014, is no longer associated with a major national hotel chain and saw a 61% decrease when compared to the same period last year.

Southeast: This sector is much like the Northeast sector in that many roofers and insurance adjusters heavily occupied hotels in this area during the first quarter. The modest increase in the sector is impressive when being compared to the influx of hotel occupants during the first quarter last year.

Southwest: This sector experienced the largest decline when compared to the same quarter last fiscal year. One hotel in this area that was open for a portion of the first quarter of FY 2014 has been closed and demolished.

Delinquencies: As of September 30, 55 correction notices remain unpaid representing an outstanding balance of \$10,040. City staff works closely with hotel operators to ensure corrections and missing payments are addressed in a timely manner.

Respectfully submitted,


James D. Couch
City Manager