



City Manager Report

The City of
OKLAHOMA CITY

NO: 621

DATE: APRIL 21, 2015

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH MARCH 31, 2015

Hotel Tax Collections for FY 2015 are up \$519,369 or 5.2%.

Hotel tax collections continue to show positive growth, up 5.2% through the third quarter of FY 2015. The hotel industry welcomed the addition of three new hotels this quarter. According to the Smith Travel Research Report, room rates in 2015 have increased by an average of 1.6% city-wide. However, collections still remain just slightly below target by 0.4%.

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 third quarter of fiscal year 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:

FISCAL YEAR-TO-DATE COMPARISON

	<u>Target</u>	<u>Revenue</u>	<u>Over/Under Target</u>	<u>% Over/Under Target</u>
Convention and Tourism	\$ 3,874,741	\$ 3,857,474	\$ (17,267)	
State Fairgrounds	\$ 5,812,113	\$ 5,786,210	\$ (25,903)	
Event Sponsorship	\$ 968,686	\$ 964,368	\$ (4,318)	
Total	\$ 10,655,540	\$ 10,608,053	\$ (47,487)	-0.4%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE

QUARTERLY PERFORMANCE			
Sector of City	Q3 FY 2015	Q3 FY 2014	Percent Change
Central	949,123	807,651	18%
Northeast	126,417	99,183	27%
Northwest	837,918	849,664	(1%)
Southeast	179,730	137,189	31%
Southwest	1,033,156	960,699	8%
TOTAL	3,126,344	2,854,386	10%

FISCAL YEAR-TO-DATE PERFORMANCE			
Sector of City	YTD FY 2015	YTD FY 2014	Percent Change
Central	2,968,184	2,592,552	14%
Northeast	429,174	337,475	27%
Northwest	3,066,740	3,160,510	(3%)
Southeast	614,766	521,999	18%
Southwest	3,529,188	3,476,147	2%
TOTAL	10,608,053	10,088,684	5%

Central: Overall growth for hotels in the Central sector has been solid over last year, however only half of the hotels experienced individual growth this quarter compared to the same quarter last year. This can be attributed to the addition of three new hotels since the third quarter of FY 2014. One of these hotels just recently opened in February 2015.

Northeast: This sector saw the largest growth in the City through the third quarter for the fiscal year. According to the Smith Travel Report, occupancy is up 2.2% in this sector for 2015. In addition, a new hotel opened in February.

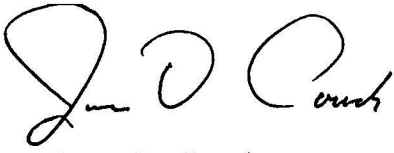
Northwest: The Northwest was the only sector to experience declines in both the quarter and fiscal year-to-date. Despite a new hotel that opened in January 2015, one hotel amended two reports from late FY 2014 which resulted in a large credit balance that was applied this quarter. In addition, one of the smaller hotels in this sector has failed to submit six months of hotel payments. There is currently a lien filed on the property.

Southeast: This sector experienced the largest growth in the City for the quarter. The majority of this growth can be attributed to one hotel that has opened since the third quarter of FY 2014 and has seen the largest revenues in the sector through the first three quarters of FY 2015.

Southwest: After a slow start to FY 2015, the Southwest Sector is up 8% for the quarter and 2% for the fiscal year. Over 36% of all hotels are located in this sector and over half of these hotels had improved revenues this quarter.

Delinquencies: As of March 31, 55 correction notices remain unpaid representing an outstanding balance of \$13,018. City staff works closely with hotel operators to ensure corrections and missing payments are addressed in a timely manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James D. Couch". The signature is written in a cursive style with a large initial "J" and "C".

James D. Couch
City Manager