




MEMORANDUM

TO: Mayor and Council

CC: Marc A. Ott, City Manager
Robert Goode, P.E., Assistant City Manager

FROM: Robert Spillar, P.E., Director,
Austin Transportation Department 

DATE: May 12, 2014

SUBJECT: CIUR 1113 – Council Resolution No. 20130926-078 – Special Event Costs

This memorandum is in response to Council Resolution Number 20130926-078, adopted on September 26, 2013 which directed the City Manager to “produce an analysis of the direct and indirect costs of special events over the last five years, and provide recommendations related to a goal of ensuring that the City’s costs are fully offset by the funds received from special events, and to provide the analysis and recommendations to Council by November 2013.”

As indicated in the memorandum from the City Manager’s Office dated May 8, 2014, Austin Transportation Department staff took the lead in responding to this Resolution, while at the same time revising the Special Events Ordinance in coordination with other City departments and stakeholders. Staff’s intent was to have the cost analysis and the revisions to the Ordinance considered at the same time. During the process it was determined that the Ordinance would require additional coordination and effort, and the work on the cost analysis continued.

In the attached report, staff has identified the special events costs and revenues during the past five years, the direct and indirect economic impacts of the events, and a path to sustainable funding models for events including permitting fees, processing, and day-to-day support activities during the events. The report also shows City Council waivers per year, cost of operations and fees collected by department, and impact estimates provided by event promoters.

Report to the City Council on the Financial Impacts of Special Events on the City of Austin

Special Events are part of the identity of the City of Austin. Some, like SXSW, have built a worldwide name for Austin over the last 20 plus years; another segment of the world has learned about Austin through the last two years of Formula 1 races. Nearly 2.3 million people participated in the city's 25 biggest events in 2013, as reported in the Austin Business Journal, January 2014. Some events are local in nature, like Pecan Street Festival, Kite Festival, or Eeyore's Birthday Party; some draw a wider audience like the Republic of Texas Motorcycle Rally or the international events previously mentioned.

SPECIAL EVENT COSTS AND REVENUES

Over the last five years (2009 through 2013), the City of Austin collected \$13,259,000 in fees or reimbursements for services (see attachment 3). The City of Austin spent \$23,953,000 to support those events (see attachment 2). Most of the difference was made up from general funds, but portions were budgeted from enterprise funds to support specific activities. In addition, during that period \$3,485,000 in fees and costs were waived (see attachment 1). Also, the Austin Convention Center provides a rental discount for events with significant hotel rentals. For SXSW in 2013 the ACC discounts totaled \$232,728.

In 2013, the difference between the City's expenses and the moneys collected was about \$4,256,000 in the red, or about \$2 per event participant. The five year numbers for costs do not reflect the actual numbers because some departments did not break out costs for special events in earlier years. Likewise, given the incomplete information gathered from event organizers, the economic benefit from sales tax could not be accurately reflected.

It should be noted that a portion of the expenses are for free speech events. The City does not charge for services for Free Speech events. The event organizers are required to let APD know about the event, and APD allocates resources to protect the event participants and persons impacted by the events.

ESTIMATED ECONOMIC IMPACT OF EVENTS

Staff requested information about economic impacts from each of the people and companies that currently operate special events in Austin. Of those companies responding, they reported direct impacts of \$680 million for 2009 to 2013, indirect impacts of \$439 million, and charitable donations of \$3 million (see attachment 4). City staff does not have the information or ability to gauge the accuracy of these promoter's estimates. The City of Austin receives sales tax of 1% that is accrued to the General Fund. Based on the estimates provided by the event promoters; a total of \$11.2 million was accrued to the General Fund in the last five years attributed to special events.

PATH TO SUSTAINABLE FUNDING MODELS FOR SPECIAL EVENTS IN AUSTIN

The costs for special events can be calculated a number of ways; yet the most direct method to account for expenses is to distinguish between the application/permitting processes, and the staff and resources needed to support the event itself.

The draft special event ordinance, which was passed on first reading in October of 2013, includes separating events by size into four tiers, with requirements which are scaled to the size of the event. An important part of the scalability is the fees – the larger the event, the greater the amount of staff resources needed for review, inspections and operations management. Once the special events ordinance is passed, staff will prepare a cost-based analysis of requirements to process and permit events based on the tier, and level of effort needed. In order to make the Special Events Office self-sustaining, the fees should cover the cost of permit processing and any pre-event activities.

Likewise, a cost-based analysis to cover the “day-of-event” support services is needed, and can be prepared if a tiered event system is adopted. Staff is still working to identify options and sources for paying for “day of event support” activities. Some options which have been talked about include a per participant surcharge to the entry fee, a diversion of a portion of the Hotel Occupancy Tax growth above current year base, capturing additional parking revenue around festival periods, additional fines for code infractions during events, and increased fees for venues that host special events. There has also been discussion about changing from the current fee waiver process, to something like the State of Texas model of a reimbursement fund for special events. These options have been discussed by a number of departments including with the City Attorney’s office and Finance, and staff recommends that the potential options be discussed with stakeholders. Staff will continue to investigate potential methods for funding costs associated with special events per Resolution No. 20140501-036 passed by the City Council at its May 1, 2014 meeting.

ATTACHMENT 1 – Fee Waivers

City Council Waivers by year, and four events with the highest level of waived fees and costs

	2009	2010	2011	2012	2013	Total
All Events	\$344,642	\$393,601	\$577,407	\$1,023,446	\$1,146,127	\$3,485,223
By Event						
SXSW	\$164,364	\$224,708	\$322,492	\$441,277	\$676,861	\$1,829,702
Farmer's Market	\$65,489	\$30,678	\$105,918	\$189,888	\$184,053	\$576,026
Juneteenth	\$27,648	\$41,208	\$50,408	\$79,028	\$64,717	\$263,009
Austin 4th	-	\$10,289	-	\$43,553	\$50,543	\$104,385

ATTACHMENT 2 – City Costs

Cost of Operations by Department

	2009	2010	2011	2012	2013	TOTAL
CPIO	\$ 82,566	\$ 46,809	\$ 54,425	\$ 62,266	\$ 65,267	\$ 311,333
APD	\$ 2,353,900	\$ 2,621,685	\$ 3,406,324	\$ 3,355,170	\$ 4,061,472	\$ 15,798,551
ATD OSE		\$ 311,043	\$ 308,581	\$ 369,898	\$ 512,378	\$ 1,501,900
AFD					\$ 583,942	\$ 583,942
HHSD	\$ 86,313	\$ 89,423	\$ 119,689	\$ 185,023	\$ 202,559	\$ 683,007
PARD	\$ 614,520	\$ 490,674	\$ 408,928	\$ 302,570	\$ 210,829	\$ 2,027,521
Code Compliance				\$ 93,260	\$ 96,144	\$ 189,404
ATCEMS	\$ 279,627	\$ 417,367	\$ 435,519	\$ 363,890	\$ 798,710	\$ 2,295,113
ARR	\$ 8,237	\$ 123,650	\$ 90,297	\$ 167,825	\$ 172,156	\$ 562,165
Music Office*						
Public Works*						
Planning and DR*						
TOTAL	\$ 3,425,163	\$ 4,100,651	\$ 4,823,763	\$ 4,899,902	\$ 6,703,457	\$ 23,952,936

- Costs are incurred by these departments that are not separately accounted for.

ATTACHMENT 3 – Fees and Reimbursement Collected

Fees collected from Special Events by Department

YEAR	2009	2010	2011	2012	2013	TOTAL
APD	\$ 1,147,785	\$ 1,252,116	\$ 2,113,867	\$ 1,318,025	\$ 1,938,514	\$ 7,770,307
ATD OSE		\$ 120,432	\$ 120,461	\$ 138,735	\$ 191,944	\$ 571,572
AFD					\$ 313,327	\$ 313,327
HHSD	\$ 127,070	\$ 127,745	\$ 152,565	\$ 174,020	\$ 251,700	\$ 833,100
PARD	\$ 865,058	\$ 416,964	\$ 571,554	\$ 477,081	\$ 461,709	\$ 2,792,366
ATCEMS	\$ 140,295	\$ 107,183	\$ 128,227	\$ 165,996	\$ 436,159	\$ 977,860
Planning and DR						
TOTAL	\$ 2,280,208	\$ 2,024,440	\$ 3,086,674	\$ 2,273,857	\$ 3,593,353	\$ 13,258,532

ATTACHMENT 4 – Economic Impact Information provided by Promoters

The Austin Center for Events (ACE) contacted all event promoters and asked for their estimates of impacts of their events. The data provided is listed below.

TOTAL IMPACTS		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ 87,320,379	\$ 109,027,253	\$ 157,688,062	\$ 173,309,226	\$ 153,203,100	\$ 680,548,020
	Indirect Impact	\$ 72,786,249	\$ 72,419,970	\$ 104,558,087	\$ 146,353,460	\$ 42,844,480	\$ 438,962,246
	Charitable Contribution	\$ 246,023	\$ 296,419	\$ 704,382	\$ 864,519	\$ 878,777	\$ 2,990,120
Austin Marathon and Half Marathon		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ 6,320,316	\$ 6,393,240	\$ 7,261,956	\$ 6,117,120	\$ 7,133,100	\$ 33,225,732
	Indirect Impact	\$ 4,463,500	\$ 4,515,000	\$ 5,128,500	\$ 3,964,057	\$ 5,124,480	\$ 23,195,537
	Charitable Contribution	\$ 82,654	\$ 122,987	\$ 480,567	\$ 356,344	\$ 276,520	\$ 1,319,072
SXSW		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ 50,236,000	\$ 75,300,000	\$ 111,700,000	\$ 125,800,000	\$ 145,800,000	\$ 508,836,000
	Indirect Impact	\$ 16,143,000	\$ 21,100,000	\$ 31,400,000	\$ 35,700,000	\$ 37,500,000	\$ 141,843,000
	Charitable Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,058,500
Run for the Water		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 600,000
	Indirect Impact	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 1,100,000
	Charitable Contribution	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Moonlight Margarita Run		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Indirect Impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Charitable Contribution	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 300,000
Fight for Air Climb		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ -	\$ 84,000	\$ 120,000	\$ 146,000	\$ 150,000	\$ 500,000
	Indirect Impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Charitable Contribution		\$ -	\$ -	\$ -	\$ -	\$ -
Austin Film Festival		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Indirect Impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000,000
	Charitable Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Austin 10/20		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Indirect Impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Charitable Contribution	\$ -	\$ -	\$ -	\$ 234,500	\$ 196,000	\$ 430,500
Uptown Classic		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Indirect Impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Charitable Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,500
Trail of Lights		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ -	\$ -	\$ -	\$ 1,400,000	\$ -	\$ 1,400,000
	Indirect Impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Charitable Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bat Fest, Crawfish, Ice Cream Festivals		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Indirect Impact	\$ -	\$ -	\$ -	\$ 9,000,000	\$ -	\$ 9,000,000
	Charitable Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ROT Rally		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Indirect Impact	\$ -	\$ -	\$ -	\$ 35,000,000	\$ -	\$ 35,000,000
	Charitable Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Austin City Limits Festival		2009	2010	2011	2012	2013	TOTAL
	Direct impact	\$ 30,644,063	\$ 27,130,013	\$ 38,486,106	\$ 39,726,106	\$ -	\$ 135,986,288
	Indirect Impact	\$ 51,959,749	\$ 46,584,970	\$ 67,809,587	\$ 62,469,403	\$ -	\$ 228,823,709
	Charitable Contribution	\$ 3,369	\$ 13,432	\$ 63,815	\$ 113,675	\$ 246,257	\$ 440,548