

RESOLUTION NO.

WHEREAS, City Council Resolution 20170831-060 directed the City Manager to

allocate 15% of the seven-cent portion of the City's Hotel Occupancy Tax (HOT) to support operations and maintenance of City of Austin historic facilities and sites in accordance with Texas Tax Code Section 351.101(a)(5) and in a manner consistent with City bond requirements; and

WHEREAS, Texas Tax Code Section 351.101(a)(5) authorizes hotel occupancy tax to be used for historic restoration and preservation projects and or activities that promote tourism and the convention industry or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums: (A) at or in the immediate vicinity of convention center facilities or visitor information centers; or (B) located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates; and

WHEREAS, the Fiscal Year 2019 budget includes \$11.5 million of hotel occupancy taxes in the Historic Preservation Fund (HPF) for eligible historic restoration and preservation projects and activities; and

WHEREAS, for nearly two decades, a portion of the Austin Convention and Visitor's Bureau (now Visit Austin) budget has been allocated to fund and administer the Heritage Grant Program, and Visit Austin will cease administration of the program by the end of 2018; and

22 **WHEREAS**, both the Visitor Impact Task Force and the Heritage Grant Working
23 Group developed specific recommendations for changes and expansions to HOT
24 expenditures for historic preservation; and

25 ~~**WHEREAS**, both bodies recommended: (1) leveraging HOT dollars and other tools~~
26 ~~in a coherent, strategic, multi-year approach; (2) creating and funding a Heritage Tourism~~
27 ~~Division within the Economic Development Department; (3) establishing separate funding~~
28 ~~allocations for city departments/initiatives and the Heritage Grant Program; (4) developing~~
29 ~~a citywide heritage tourism plan; (5) expanding eligible applicants to include private~~
30 ~~property owners; (6) expanding eligible project types to include planning, education, and~~
31 ~~marketing projects as well as capital projects; and (7) removing the current \$59,000 cap on~~
32 ~~grant awards; and~~

33 **WHEREAS**, the Visitor Impact Task Force recommended: (1) expanding eligible
34 applicants to include private property owners that are regularly open to the public (e.g.
35 commercial properties); (2) Eliminate the cap on the maximum amount for individual
36 grants; and (3) remove any caps on the amount of grant funds that can be provided toward a
37 specific site or total project cost at a site; and

38 **WHEREAS**, the Heritage Grant Working Group recommended: (1) leveraging HOT
39 dollars and other tools in a coherent, strategic, multi-year approach; (2) creating and
40 funding a Heritage Tourism Division as its own division within the Economic
41 Development Department; (3) establishing separate funding allocations for city

42 departments/initiatives and the Heritage Grant Program; and (4) developing a citywide
43 heritage tourism plan; and (5) expanding eligible Heritage Tourism Grant applicants to
44 include any non-City owner or lessee of a tourist-ready site, as well as operators of historic
45 property-related programming for tourists and convention delegates; and (6) expanding
46 eligible project types to include planning, education, and marketing projects as well as
47 capital projects; and (7) removing the current \$59,000 cap on grant awards; and (8)
48 clarifying the purpose of the Historical Preservation Fund and Heritage Grant Program by
49 renaming them the Heritage Tourism Fund and Heritage Tourism Grant Program. This will
50 help make the purpose of the fund and grant clear to prospective applicants, members of
51 the public, and other stakeholders; and

52 **WHEREAS**, the City budget process provides a transparent way to allocate funds
53 to city departments, programs, and initiatives, including HPF-funded expenditures; and

54 **WHEREAS**, the Parks and Recreation Department and other departments have
55 demonstrated the need for millions of dollars of capital and operating expenditures eligible
56 for Hotel Occupancy Tax revenue under Chapter 351 of the Texas Tax Code; and

57 **WHEREAS**, applicants have requested a total of more than \$500,000 for the past
58 two cycles of the Heritage Grant Program; **NOW, THEREFORE,**

59 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

60 The City Manager is directed to clarify the purpose of the Historical Preservation
61 Fund and Heritage Grant Program by renaming them the Heritage Tourism Fund and

62 Heritage Tourism Grant Program. The City Council supports the recommendation from
63 the Heritage Grant Working Group that this renaming will help make the purpose of the
64 fund and grant clear to prospective applicants, members of the public, and other
65 stakeholders.

66 **BE IT FURTHER RESOLVED:**

67 That the City Manager shall allocate the ~~Historic Preservation~~ Heritage Tourism
68 ~~Fund FY2019~~ Fiscal Year 2019 budget in the following manner:

- 69 • 70% for City of Austin historic facilities and sites in accordance with Texas Tax
70 Code Section 351.101(a)(5)
- 71 • 15% reserved for potential future historic acquisitions or major preservation projects
72 that would be frequented by tourists and convention delegates
- 73 • 15% ~~of the Fiscal Year 2019 Historic Preservation Fund~~ to the Heritage
74 Tourism Grant Program

75 **BE IT FURTHER RESOLVED:**

76 The City Manager is directed to initiate the following ~~combined~~ recommendations
77 of the Visitor Impact Task Force and the Heritage Grant Working Group related to the
78 Historic Preservation Fund:

- 79 1. Expand the eligible applicants for ~~heritage grants~~ Heritage Tourism Grants per the
80 recommendations of the Visitor Impact Task Force and the Heritage Grant
81 Working Group;

2. Expand eligible projects for Heritage Tourism Grants to include capital projects and planning, educational, and marketing projects; and

3. ~~Increase the \$59,000 cap on individual Heritage Grant awards to \$250,000~~ Remove the cap on grant awards, but make it clear that grant requests over \$250,000 will require substantial justification; and

BE IT FURTHER RESOLVED:

That the City Manager shall take immediate steps to expand the current Heritage Tourism Grant Program review panel to include representatives from various city departments with knowledge and expertise related to the grant program and to the subject matter, including staff from Economic Development, the Parks and Recreation Department, and the Historic Preservation Office; and

BE IT FURTHER RESOLVED:

That the City Manager will provide quarterly reports to the Audit and Finance Committee about Heritage Tourism Grant awards and shall brief the full Council during a regularly scheduled meeting of the City Council in June 2019; and

BE IT FURTHER RESOLVED:

That the City Manager shall provide recommendations for FY2019 Heritage Preservation Tourism Fund expenditures for city assets to the City Council for action by October 18, 2018; and

BE IT FURTHER RESOLVED:

That after Council approves the 2019 Historic Preservation Tourism Fund

103 expenditures for City assets, the City Manager shall convene stakeholders to solicit
104 feedback on the FY2020 process for determining overall Historic Preservation Tourism
105 Fund allocations and identifying possible projects, and report back to Council by May
106 2019. Stakeholders should include relevant boards and commissions, including but
107 not limited to, Historic Landmark Commission, Tourism Commission, Arts
108 Commission, Music Commission, Downtown Commission, Design Commission, Parks
109 and Recreation Board and the Urban Renewal Board; members of local preservation
110 organizations, including Preservation Austin, Travis County Historical Commission and
111 the State Historical Preservation Office; the Austin Independent Business Alliance and
112 businesses located in historic districts and/or historic structures.

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116 **ADOPTED:** _____, 2018

ATTEST: _____

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Jannette S. Goodall
City Clerk

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Add one of the following options to the end of the first Be It Resolved:

Option A)

Respondents should propose on-site mixed-income housing, and respondents should be allowed the option to maximize Strategic Housing Blueprint goals through off-site affordable housing, preferably within 1 mile of Downtown, in addition to their on-site proposal.

Staff recommends "a" w/understanding structure would be given to them. M-ste

Option B)

Respondents should propose on-site mixed-income housing, and respondents should also be allowed the option to maximize Strategic Housing Blueprint goals through off-site affordable housing, preferably within 1 mile of Downtown.

Option C)

Replace "preferably within 1 mile of Downtown" in Option A or B with "in a centrally located area with limited affordable housing options, or in an area that has experienced significant gentrification and displacement."