

Recommendations and Actions on Use of HOT Funds
for Historic Preservation as of Nov. 7, 2018

VITF	HGWG Recommendations – June 2018	Council Action – FY 2019 Budget	Council Action – October 4, 2018 Resolution No. 20181004-033	Council Action – October 18, 2018 Ordinance No. 20181018-060
1. Transfer administration of the Heritage Grant Program to a non-profit of City Department and look to other grant programs as models.	Create and fund an Office of Heritage Tourism as its own division within the Economic Development Department. <ul style="list-style-type: none"> • Manager Heritage Grant Program • Work with City depts and Budget Office to coordinate allocation of HOT funds. • Develop a citywide Heritage Tourism Plan. • Measure the impact of HOT funds. 	Create a new Heritage Tourism function in the Economic Development Department and allocate funds and 1 FTE to manage the use of HOT funds for historic preservation and the heritage grant program.		
2. Establish an advisory board for the Heritage Grant Program made up of stakeholders representing historic preservation, cultural heritage, and tourism interests.	Expert panel will score applications and may review City projects and submit feedback on projects' alignment with the Heritage Tourism Plan to ensure transparency. Must include preservation and tourism experts and community members.		<ul style="list-style-type: none"> •Expand the current Heritage 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. •After Council approves 2019 HPF expenditures for City assets, convene stakeholders to solicit feedback on FY2020 process for determining overall HPF allocations and report back by May 2019. 	
3. Maintain % funding levels for HOT revenues for the Cultural Arts grant program and ACVB Tourism Promotion Fund.		<ul style="list-style-type: none"> •Maintain 15% HOT funds for Cultural Arts grant program. •FY19 - Tourism Promotion Fund (Visit Austin funds) reduced by \$2M; .Convention Center funding reduced by \$8.8M 		

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4. Revise eligibility and grant administration guidelines while retaining consistency with State law and City Code.	See below		See below	
a. Remove requirement for 3 bids.	Remove requirement for three-bid minimum for capital projects.			
b. Eliminate cap on maximum grant award.	Remove the \$59,000 cap on grant awards.		Increase the \$59,000 cap on individual Heritage Grant awards to \$250,000 with staff discretion to recommend to Council grant requests above this threshold.	
c. Allow for funding of privately-owned properties that are regularly open to the public	Expand eligible Heritage Tourism Grant applicants to include any non-City owner or lessee of a tourist-ready site, as well as operators of historic property-related programming for tourists and convention delegates. • Require properties to be designated as historic at the local, state, and/or national level by the time the proposed project is completed and final grant funds are disbursed.		Expand the eligible applications for heritage grants per the recommendations of the Visitor Impact Task Force and Heritage Grant Working Group.	
d. Establish scoring criteria to favor properties owned by public and non-profit entities, projects that impact under-represented historic sites, and entertainment and cultural districts that have the capacity to attract a more diverse tourist audience.	Increase equity through outreach; additional application support; clear criteria that encourages the participation of underrepresented communities; and disburse grants in installments throughout the project term, rather than reimbursement at completion.			

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e. Establish grant scoring criteria to encourage funding to assist sites to be more “visitor-ready”, or that attract tourists to areas that haven’t traditionally served tourists.	Increase equity through outreach; additional application support; clear criteria that encourage the participation of underrepresented communities; and disbursing grants in installments throughout the project term, rather than reimbursement at completion.			
f. Expand the type of projects eligible for funding to include interior work, building systems, interpretive signage, etc.	Create two types of grants within the Heritage Tourism Grant: capital projects and planning, education, and marketing projects.		Expand eligible projects for Heritage Grants to include capital projects and planning, educational, and marketing projects.	
g. Look to other grant programs, such as TPTF and Colorado SHF, as models for eligible scopes of work, selection processes, restrictions, etc.	Look to other grant programs as models including the Cultural Arts grant program.			
h. Remove any caps on the amount of grant funds that can be provided toward a specific site or total project cost at a site.	<ul style="list-style-type: none"> • Consider previous funding in scoring criteria, but don't prevent applicant from receiving another grant. • Require grant recipients to be in good standing with all City contracts (if applicable). 			

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5. Establish a % of revenue from HOT associated with the expansion of the ACC or from a Tourism Public Improvement District to be dedicated to a Historic Preservation and Heritage Grant Program up to the maximum allowable by law.	<ul style="list-style-type: none"> • Recommends for FY 2019 an allocation of at least \$2 million to Heritage Tourism Grants in FY2019, with at least 50 percent of available funds allocated to the grant program thereafter. • Establish separate funding allocations from the HOT allocated to the Historical Preservation Fund: one fund for City departments and initiatives, and the Heritage Tourism Grant for owners and operators of tourist-ready historic sites and programming. 	<ul style="list-style-type: none"> • Allocate 15% of HOT funds for historic preservation. • At end of FY18, Add'l transfer of \$2,491,937 in HOT funds from ACC budget to the Historic Preservation Fund as part of FY18 budget for a total of \$11.1M allocated by Council for Historic Preservation (\$9.4M) and other Council initiatives (\$1.7M). Total funding for FY19 for Historic Preservation is \$11.2M. 	For FY 2019 allocate HOT funds: <ul style="list-style-type: none"> • 70% for City of Austin facilities and sites. • 15% reserved for potential future historic acquisitions or major preservation projects. • 15% of the Fiscal Year 2019 Historic Preservation Fund to the Heritage Grant Program. 	Amend the Fiscal Year 2018-2019 Capital Budgets of the Parks and Recreation and Library Departments (Ordinance No. 20180911-001) by appropriating from the Economic Development Department Historic Preservation Fund Operating Budget \$8,888,715 for allowable historic restoration and preservation projects or activities as authorized by the Texas Tax Code Section 351.101(a)(5)
6. Prior to any expansion of the HOT tax due to ACC or TPID, continue to allocate \$1.5 million to a Historic Preservation and Heritage Grant Program. Until ACC expansion is creating additional 2 percent, funds to come out of ACVB Tourism Promotion. After ACC expansion funds to come from “waterfall” dollars.				
	Build the capacity of the heritage tourism sector. <ul style="list-style-type: none"> • Work with Visit Austin and other partners to promote completed projects to domestic and international tourists/heritage tourists and the tourism, convention, and hotel industries. • Help historic sites to build heritage tourism capacity. 			

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	Grant administration should be clear to applicants, awardees, and staff. HGWG provided recommendations aimed to accomplish these goals, using the Cultural Arts grant program as a model.			
			The City Manager will provide quarterly reports to the Audit and Finance Committee about Heritage Grant awards and shall brief the full Council during a regularly scheduled meeting of the City Council in June 2019.	
			The City Manager shall provide recommendations for FY2019 Heritage Preservation Fund expenditures for city assets to the City Council for action by October 18, 2018	