

ECONOMIC DEVELOPMENT DEPARTMENT



Overview FY19

Hotel Occupancy Tax Funded Programs

January 14, 2019

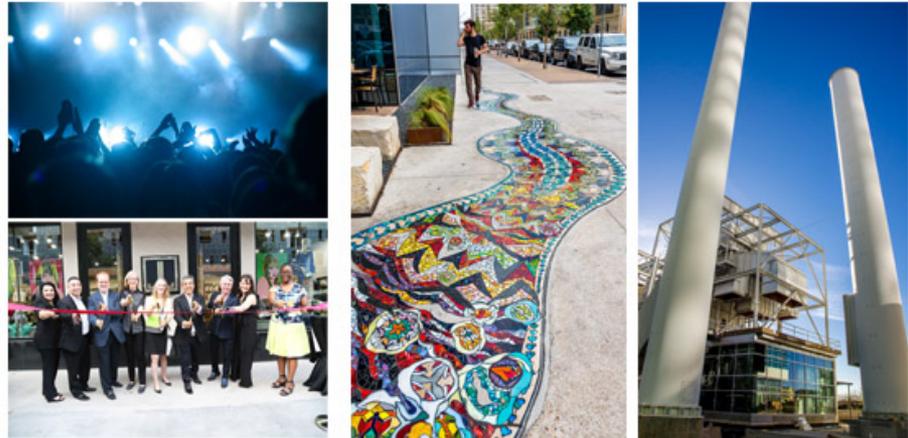


Economic Development Department

The mission of the Economic Development Department is to develop and lead innovative programs that increase the prosperity of Austinites, businesses, and diverse neighborhoods, creating a cultural and economic environment that enhances the vitality of the community.

- Cultural Arts Division
- Historic Tourism Division

Cultural Diversity
as an Economic Strength



Cultural Arts Fund

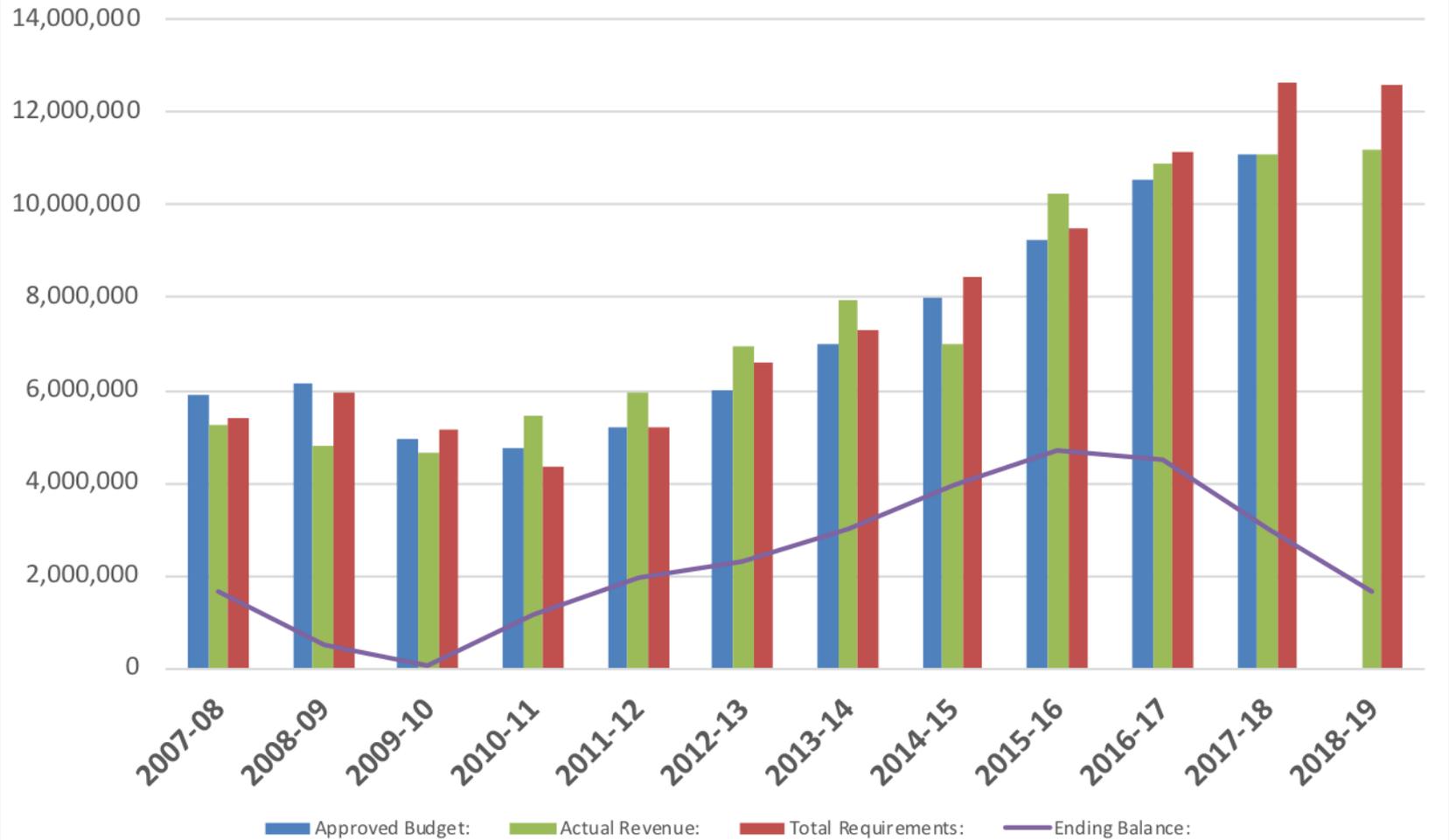
The Cultural Arts Fund was established in FY 1994 - 1995 to encourage, promote and improve the arts, including expenditures for administrative cost incurred directly in the promotion and servicing of the arts.

In FY 2018 - 2019, \$11.2 million will be transferred into the fund from the Hotel Occupancy Tax Fund. This equates to 15% of the HOT funds received.

Expenditures include the following guideline specific programs:

Core, Community Initiatives, Cultural Heritage Festivals, TEMPO, Now Playing Austin, and Zachary Scott Maintenance. ALAANA groups are eligible to apply for the Culturally Specific Marketing Supplement.

Cultural Funding: 2008 - 2019



Cultural Arts Fund

	2015-16	2016-17	2017-18	2017-18	2018-19
	Actual	Actual	Estimated	Amended	Approved
Beginning Balance	3,935,599	4,720,107	4,518,915	3,986,941	3,027,819
Revenue					
Interest	18,239	37,079	40,000	25,000	25,000
Total Revenue	18,239	37,079	40,000	25,000	25,000
Transfers In					
Other Funds	10,223,359	10,867,036	11,091,937	11,091,937	11,202,856
Total Transfers In	10,223,359	10,867,036	11,091,937	11,091,937	11,202,856
Total Available Funds	10,241,598	10,904,115	11,131,937	11,116,937	11,227,856
Program Requirements					
Cultural Arts and Contracts	9,483,435	11,145,886	12,623,033	13,290,000	12,575,247
Total Program Requirements	9,483,435	11,145,886	12,623,033	13,290,000	12,575,247
Total Requirements	9,483,435	11,145,886	12,623,033	13,290,000	12,575,247
Excess (Deficiency) of Total Available Funds Over Total Requirements	758,163	(241,772)	(1,491,096)	(2,173,063)	(1,347,391)
Adjustment to GAAP	26,345	40,580	0	0	0
Ending Balance	4,720,107	4,518,915	3,027,819	1,813,878	1,680,428

Cultural Arts Fund

427
applications
received in
Core and
CHFP

FY 19:
19 CHFP
22 OS

FY 19:
66 PS I
141 PS II
174 PS III

125 first
time
applicants

421
recommended
for funding

FY 18:
14 CHFP
18 OS

FY 18:
64 PS I
103 PS II
132 PS III

133
ALAANA
applicants

2019 Hotel Occupancy Tax

	2015-2016 Budget	2016-2017 Budget	2017-2018 Budget	2018-2019 Amended Budget
HOT Funds	\$9,883,421	\$11,644,622	\$13,090,000	\$12,575,247
10% Reserve (required by Council)	\$1,206,867	\$1,000,911	\$1,109,194	\$1,120,286
5% Reserve (required by Arts Comm.)	\$603,433	\$500,456	\$554,597	\$0
Available for Cultural Contracts	\$9,333,421	\$10,994,622	\$12,500,000	\$12,473,557

FY19 Funding Matrix

Program	FY 18 Matrix	Scenario 1	Initial FY 19 Matrix	Revised FY 19 Matrix
Organizational Support	\$3,560,203	\$4,059,788	\$3,186,397	\$3,730,426
Project Support I	\$3,933,587	\$4,221,343	\$3,362,041	\$3,805,094
Project Support II	\$1,657,196	\$2,107,688	\$1,810,872	\$1,964,145
Project Support III	\$1,524,922	\$1,919,179	\$1,583,017	\$1,661,392
CSMS - Formerly CEP	\$391,200	\$363,981	\$350,941	\$350,941
Cultural Heritage Festivals	\$355,893	\$537,174	\$394,003	\$445,580
Community Initiatives	\$625,000	\$500,000	\$425,000	\$300,000
Adjustments and New Programs	\$66,999	\$0	\$76,736	\$50,279
TEMPO	\$250,000	\$250,000	\$215,700	\$150,700
Omnibus/Innovation and Collaboration	\$50,000	\$0	\$0	\$0
Faces of Austin	\$25,000	\$15,000	\$15,000	\$15,000
Innovation and Collaboration	\$0	\$0	\$0	\$0
Cultural Arts Contracts Subtotal	\$12,500,000	\$13,974,153	\$11,419,707	\$12,473,557
Zach Scott Maintenance	\$60,000	\$60,000	\$60,000	\$60,000
NowPlayingAustin.com	\$40,000	\$40,000	\$40,000	\$40,000
Program Administration	\$300,000	\$518,478	\$518,478	\$518,478
Tourism and Promotion	\$250,000	\$250,000	\$250,000	\$78,000
Estimated Allocation Amount	<u>\$12,500,000</u>	<u>\$11,387,338</u>	<u>\$11,419,707</u>	<u>\$12,473,557</u>
Allocation Difference	\$0	(\$2,586,815)	\$0	\$0

Historic Preservation Fund

The Historic Preservation Fund was established in FY2017-18 to promote tourism through preservation, restoration and rehabilitation of historic properties and through the promotion of arts, culture, and heritage-based events.

In FY2018-19, \$11.2 million will be transferred into the fund from the Hotel Occupancy Tax Fund. This equates to 15% of the HOT funds received.

Expenditures include \$1.5 million to offset PARD general fund expenses from the Elisabet Ney, Susanna Dickinson and O. Henry cultural museums; \$474,00 approved for PAZ Historic Survey; \$157,00 for a new position in EDD to manage the Historic Preservation Fund; and \$500,000 to maintain the Heritage Grants program at the current funding level. A recommendation for the allocation of the remaining funds will be brought forward subsequent to budget adoption as an IFC.

Council Action October 4, 2018

On October 4, 2018, Council approved the program allocation of funding as follows:

- 70% for City of Austin historic facilities and sites in accordance with Texas Tax Code Section 351.101(a)(5);
- 15% reserved for potential future historic acquisitions or major preservation projects that would be frequented by tourists and convention delegates;
- 15% of the Fiscal Year 2019 HPF to the Heritage Grant Program

Council Action October 18, 2018

Approve an ordinance amending 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) which permits hotel occupancy tax to be used for activities and projects that promote tourism and the convention industry, including historic restoration projects and activities that are in specific locations in the City.

FY19 Projects

Project	Department	Amount
Barton Springs Bathhouse Rehabilitation	Parks and Rec.	\$3,000,000
Zilker Café Rehabilitation	Parks and Rec.	\$750,000
Downs Field Grandstands Restoration and Improvements	Parks and Rec.	\$225,000
Zilker Clubhouse Phase I Rehabilitation	Parks and Rec.	\$2,000,000
Brush Square Rehabilitation Phase I Implementation	Parks and Rec.	\$500,000
Historic Norwood Estate Restoration Phase I	Parks and Rec.	\$1,000,000
Interpretive and Wayfinding Signage at Historic Sites	Parks and Rec.	\$50,000
Small Scale Historic Preservation Projects	Parks and Rec.	\$323,715
Austin History Center Interior and Exterior Improvements	Library	\$500,000
Contractual funding appropriated for building scan and property acquisition		\$540,000
Total		\$8,888,715

Next Steps – EDD Heritage Tourism

- Recruitment of Heritage Tourism Division Manager underway
(Job Posting anticipated this month)
- Focus of Tourism division and personnel
 1. Develop Heritage Tourism Grant
 2. Launch revised Heritage Tourism Grant
 3. Work with stakeholders to develop and execute
Heritage Tourism Strategy

Questions?