



## MEMORANDUM

TO: Mayor and Council Members

FROM: Sylnovia Holt-Rabb, Interim Deputy Director  
Economic Development Department

DATE: January 19, 2018

SUBJECT: Agenda Backup Items 10, 11: Circuit Events Local Organizing Committee applications on behalf of the City to the Texas Events Trust Fund and the Texas Major Events Trust Fund Reimbursement Program

*Sylnovia Holt Rabb*

The purpose of this memorandum is to provide background on Items 10 and 11 on the Feb. 1, 2018, City Council Agenda. The items recommend the Council authorize the Circuit Event Local Organizing Committee (CELOC) to act on the City's behalf for the purposes of conducting economic studies, and submitting applications to the Texas Events Trust Fund (ETF) for World RallyCross (WRX) and to the Texas Major Events Trust Fund Reimbursement Program (MERP) for MotoGP. If approved, CELOC will act on the City's behalf in paying for and conducting the economic studies, submitting the applications, submitting the payments to trigger the establishment of the Funds (if approved by the Governor's Office), and documenting compliance with the requirements to receive reimbursements from the Funds following each event.

The State of Texas Statute authorizes a local organizing committee to undertake certain duties and responsibilities of a local government organization. The Circuit Event Local Organizing Committee, a Texas non-profit corporation, (CELOC) was organized to act as the City of Austin. Currently the board members include Julia Taylor, Chair, Anna Panossian, Secretary, Drew Scheberle and Sylnovia Holt Rabb, Ex-Officio.

### Item #11 – Event Trust Fund Application for World Rally Cross

Circuit of the Americas (COTA) recently completed a competitive process to secure a contract with FIA World RallyCross (WRX) to hold this event from 2018 through 2022. The WRX event, which will be in Texas for the first time, qualifies for the Event Trust Fund. Its site selection organization, IMG, is part of a global leader in sports, entertainment, and fashion in more than 30 countries. CELOC will act on the City's behalf in paying for and conducting the economic studies, submitting applications, submitting the payments to trigger the establishment of the Fund (if approved by the Governor's Office) and documenting compliance with the requirements to receive reimbursement from the Fund following each event. The City will be responsible for reviewing all of the documentation and will also, as it does with other events at COTA, make sure that COTA and CELOC are complying with the environmental and other requirements previously established by Council for events at the Circuit.

### Item #12 – Major Event Trust Fund Application for MotoGP

In December 2012, Council approved Resolution 20121213 -095 authorizing CELOC to act on the City's behalf for the purposes of conducting economic studies and submitting applications to the Texas Events Trust Fund for MotoGP. After a few years, it became apparent that the MotoGP event at COTA had a bigger economic impact than anticipated. In 2015, the Texas Legislature revised the statute to allow MotoGP to participate in the MERP. Following this action by the Legislature, Council approved Resolution 20151210-005, authorizing CELOC to act on the City's behalf for purposes of paying for and conducting economic studies, submitting applications to the Texas Governor's Texas Economic Development and Tourism Office for the MERP if MotoGP qualifies for this program, or the Texas Event Trust Fund for the MotoGP, to be held at the COTA facility located in Austin, Texas in 2016 and 2017. COTA has subsequently been chosen again in a competitive process as the location for the MotoGP event through 2027.

Therefore, staff is requesting approval to authorize CELOC to act on the City's behalf for purposes of paying for and conducting economic studies, submitting applications to the Texas Governor's Texas Economic Development and Tourism Office for the Major Event Reimbursement Program if MotoGP qualifies for this program, or the Texas Event Trust Fund, for the MotoGP to be held at the Circuit of the Americas facility located in Austin, Texas beginning in 2018 and continuing through 2027.

#### Information about the Texas ETF and MERP

In 2015, the Economic Development Department provided a general briefing to the Economic Opportunity and Audit & Finance Committees, which can be found at <http://www.austintexas.gov/edims/document.cfm?id=232718>.

The presentation highlighted that Council's action allows for Austin to benefit economically from the State's program to encourage events that generate tourism and that have a documented positive impact on various tax revenues for both the State and the City. The Texas Events Trust Fund and Texas Major Events Reimbursement Program are State-authorized and State-administered programs; the State determines the amount of any trust fund that is established, and pays those funds only after determining compliance with the program statute and rules.

The following information serves to address additional inquiries and/or concerns brought to the Economic Development Department's attention.

- A. CELOC is not paying the contribution on the City's behalf to establish the Fund because CELOC gets those funds back after the events. However, without CELOC paying the initial amount, the City would have to pay that amount for the State to establish the fund. Thus, CELOC is paying what the City would otherwise be required by law to pay to establish the Fund. The local match, along with the state share, is reimbursed to CELOC only after the Governor's Office of Economic Development and Tourism has verified attendance, including out-of-state attendance, at the event and verified that the expenditures claimed were allowable. This is consistent with the direction from Council for each of the events at COTA.
- B. Regarding the eligibility of reimbursement of costs, the Program Rules can be found in the Texas Administrative Code, Title 10, Part 5, Chapter 184, and Subchapter E describes the Disbursement Process, including allowable and disallowable costs.
- C. While in the past, the Texas Comptroller originally evaluated events based on a list of taxes, some of which were not specified in the statute, the Governor's Office (the current State entity that supervises compliance with the statute), has corrected the tax calculations, and, but for the event, the enumerated taxes would not increase and come to the State and the City. This information is explained in the Governor's Office guidelines: [https://businessintexas.com/sites/default/files/event\\_trust\\_fund\\_guidelines\\_9.1.17.pdf](https://businessintexas.com/sites/default/files/event_trust_fund_guidelines_9.1.17.pdf)
- D. The Circuit of the Americas does not appoint CELOC board members. CELOC board members are generally appointed by other CELOC board members. The only exception is the City representative, who is appointed by the City Manager. CELOC is not a City board or commission; therefore it is appropriate that it governs itself.

#### Staff recommendation:

Per requests from CELOC, on behalf of COTA, after highly competitive processes to obtain the World RallyCross through 2022 and MotoGP through 2027, staff is requesting approval of resolutions authorizing the Circuit Events Local Organizing Committee to act on the City's behalf to submit the lawfully required information and funding to the State of Texas to establish and utilize the Event Trust Fund process for the WRX and MotoGP events. These requests are consistent with prior requests for such authority for CELOC. The value of this program is documented in each application and reimbursement request submitted for these events.

For additional information, please contact Sylnovia Holt-Rabb at 512-974-3131.