

Contract Audit: Visit Austin



Objectives

- To determine if the Visit Austin contract is administered and monitored by the City to ensure compliance with contract requirements.
- To determine how the City of Austin's relationship and oversight structure with Visit Austin compares to that of peer cities.

Background

- Visit Austin was created in 1996 by the City Council as a non-profit organization and is contracted by the City "to market Austin nationally and internationally as a premiere convention and leisure destination."
- The most recent City contract with Visit Austin was awarded in 2016 and will expire in 2021.
- The contract sets the primary role of Visit Austin as "to market space in the Austin Convention Center and related City facilities with the intent to maximize hotel occupancy tax and use of the Austin Convention Center." The Austin Convention Center Department (the Convention Center) administers the contract.
- City Council approved \$14,995,700 for Visit Austin for fiscal year 2018.
- In addition to funding from the City contract, Visit Austin obtains revenue from private sources like retail revenue and partnerships.

What We Found

We did not find any significant compliance issues by Visit Austin. However, the Convention Center could enhance current practices for administering and monitoring the City contract with Visit Austin. Specifically, we identified the following issues:

- Roles and responsibilities for contract administration and monitoring are not effectively coordinated for managing the contract with Visit Austin.
- Convention Center Contract Compliance staff do not verify the accuracy of the deliverables they collect.
- The Convention Center did not ensure that Visit Austin complied with contract terms to report some performance measures.
- Some of the contract's performance measures may no longer be relevant.
- The contract does not require Visit Austin to submit supporting documentation along with invoices to the Convention Center. For a sample of transactions verified by us, the charges appeared to be correct.
- The contract is missing several clauses identified in best practices as "essential," however, the Law Department advised that the City's interests are still protected.

What We Recommend

The Director of the Convention Center should strengthen existing contract administration and monitoring practices for the Visit Austin contract, which should include:

- having a trained contract manager to coordinate contract administration activities, and;
- enhancing existing practices for reporting and review of Visit Austin's performance under the contract.

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Peer Cities Evaluated

- Dallas
- San Antonio
- Phoenix
- Nashville

What We Found (continued)

The City is generally in alignment with peer cities in terms of the relationship and oversight with the visitors bureau. Three of the peer cities reported having Council presence on their visitors bureau board of directors. Like Austin, all peer cities operate a convention center as a City department, and all contract with a vendor to provide visitors bureau services.

Two peer cities have City commissions with responsibilities for “evaluating projects to enhance the tourism and hospitality industry [and] evaluating projects to be funded for the hospitality industry’s share of surplus Arena Tax Funds” (Phoenix) and “promoting tourist, convention, and recreational activity” (Nashville).

Summary of Comparison with Peer Cities

| | Austin, TX | Dallas, TX | San Antonio, TX | Phoenix, AZ | Nashville, TN |
|--|-------------------------------------|--|--|--|--|
| Is the convention center a City dept.? | Yes | Yes | Yes | Yes | Yes [§] |
| Is the visitors bureau a City dept.? | No | No | No | No | No |
| Is there a board or commission with tourism/convention oversight? | Yes* | No | No | Yes (Members are from the hospitality industry, hoteliers, City representatives, and the visitors bureau) | Yes (Members are from tourist-related industries, hoteliers, and the Chamber of Commerce) |
| What City representation is there on the visitors bureau Board of Directors? | City management; City department | City Council; City management; City department | City Council; City management; City department | City Council; City Management; City Department | City Management |

[§] There are two convention centers in Nashville. One is staffed by City employees, and one is privately-run. The visitors bureau supports both centers.

* On June 14, 2018, the Austin City Council approved an ordinance to establish a Tourism Commission.

SOURCE: Interviews with peer city visitors bureau staff; auditor research.