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WHEREAS, City Council Resolution 20170831-060 directed City Manager to allocate 15% of the seven cent portion of the City's hotel occupancy taxes to fund operations and maintenance of City of Austin historic facilities and sites in accordance with Texas Tax Code Section 351.101(a)(5) and to fund other allowable expenditures for eligible historical restoration and preservation projects and activities; and

WHEREAS, City Council amended the Fiscal Year 2017-2018 Historic Preservation Fund (HPF) Operating Budget (Ordinance No. 20170913-001) to transfer in and appropriate \$5,293,991 of these funds for allowable historic restoration and preservation projects or activities as reflected in the Texas Tax Code Section 351.101(a)(5), which authorizes hotel occupancy tax to be used for historic restoration projects and activities that promote tourism and the convention industry and that are in specific locations in the city; and

WHEREAS, the Fiscal Year 2018-2019 budget anticipates approximately 16 \$11.2 million of hotel occupancy tax available for eligible historic restoration and 17 preservation projects; and

WHEREAS, both the Visitor Impact Task Force and the Heritage Grant Working
Group developed specific recommendations for changes and expansions to the HPF; and
WHEREAS, the recommendations by both bodies include: (1) leverage HOT

21 dollars and other tools in a coherent, strategic, multi-year approach; (2) create and fund a

- 22 Heritage Tourism Division within the Economic Development Department; (3) establish
- 23 two distinct, separate funding allocations for city departments/initiatives and the Heritage
- 24 Tourism Grant; (4) develop a citywide heritage tourism plan; (5) expand eligible applicants
- 25 to include private property owners; (6) expand eligible project types to include planning,
- 26 education, and marketing projects as well as capital projects; and (7) remove the current
- 27 \$59,000 cap on grant awards; and
- 28 WHEREAS, the City budget process provides a transparent process for the
- 29 allocation of funds to city departments, programs, and initiatives, which will include HPF-
- 30 funded expenditures; and
- 31 WHEREAS, for nearly two decades the Heritage Grant Program has been
- 32 administered by Visit Austin, which will cease administration of the program by the end
- 33 of 2018; and
- WHEREAS, the City Manager's proposed Fiscal Year 2019 budget proposes one
- 35 position in the Economic Development Department to manage the HPF, which includes
- 36 the Heritage Grant Program and HPF-funded city expenditures; and
- WHEREAS, the Parks and Recreation Department and other departments have
- 38 demonstrated the need for millions of dollars of capital and operating expenditures eligible
- 39 for Hotel Occupancy Tax revenue under Chapter 351 of the Texas Tax Code; and
- 40 **WHEREAS,** for the past two heritage grant cycles, applications requesting a total

- 41 of more than \$500,000 have been received for funding totaling \$250,000 from nonprofit
- 42 organizations only; and
- WHEREAS, heritage grants in Fall 2018 will be reviewed by a panel consisting of
- 44 Visit Austin staff, hotel and lodging industry representatives, the Historic Landmark
- 45 Commission Grants Committee, and staff from the Parks and Recreation Department and
- 46 Historic Preservation Office; NOW, THEREFORE,

47 BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

- The City Manager is directed to initiate the following recommendations of the
- 49 Visitor Impact Task Force and the Heritage Grant Working Group related to the Historic
- 50 Preservation Fund:

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- 1. Allocate \$2 million to the Heritage Grant Program for Fiscal Year 2019;
- 2. Expand the eligible applicants for heritage grants per the recommendations of theHeritage Grant Working Group;
 - 3. Expand eligible projects for heritage grants to include capital projects and planning, educational, and marketing projects;
 - 4. Remove the \$59,000 cap on individual grant awards, with requests in excess of \$250,000 requiring substantial justification; and

62 BE IT FURTHER RESOLVED:

- That the City Manager shall take immediate steps to expand the current grant review
- 64 panel to include representatives from various city departments with knowledge of the grant
- 65 program, including staff from Economic Development, the Parks and Recreation
- 66 Department and the Historic Preservation Office; and

67	BE IT FURTHER RESOLVED:
68	That the City Manager shall provide recommendations for HPF-funded city
69	expenditures to the City Council for action by October 18, 2018.
70	BE IT FURTHER RESOLVED:
71	That the City Manager will provide quarterly reports to the Audit and Finance
72	Committee on the disbursements of grants from the Heritage Grant Fund and shall report
73	to the full Council during a regularly scheduled meeting of the City Council in June 2019.
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77	ADOPTED: , 2018 ATTEST:

78 79 Jannette S. Goodall City Clerk