

RESOLUTION NO. 20181004-033

WHEREAS, City Council Resolution 20170831-060 directed the City Manager to allocate 15% of the seven-cent portion of the City's Hotel Occupancy Tax (HOT) to support operations and maintenance of City of Austin historic facilities and sites in accordance with Texas Tax Code Section 351.101(a)(5); and

WHEREAS, Texas Tax Code Section 351.101(a)(5) authorizes hotel occupancy tax to be used for historic restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums: (A) at or in the immediate vicinity of the convention center facilities or visitor information centers; or (B) located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates; and

WHEREAS, the Fiscal Year 2019 budget includes \$11.5 million of hotel occupancy taxes in the Historic Preservation Fund (HPF) for eligible historic restoration and preservation projects and activities; and

WHEREAS, for nearly two decades, a portion of the Austin Convention and Visitor's Bureau (now Visit Austin) budget has been allocated to fund and administer the Heritage Grant Program, and Visit Austin will cease administration of the program by the end of 2018; and

WHEREAS, both the Visitor Impact Task Force and the Heritage Grant Working Group developed specific recommendations for changes and expansions to HOT expenditures for historic preservation; and

WHEREAS, the Visitor Impact Task Force recommended: (1) expanding eligible applicants to include private property owners that are regularly open to the public (e.g. commercial properties); (2) Eliminate the cap on the maximum amount for individual grants; and (3) remove any caps on the amount of grant funds that can be provided toward a specific site or total project cost at a site; and

WHEREAS, the Heritage Grant Working Group recommended: (1) leveraging HOT dollars and other tools in a coherent, strategic, multi-year approach; (2) creating and funding a Heritage Tourism Division as its own division within the Economic Development Department; (3) establishing separate funding allocations for city departments/initiatives and the Heritage Grant Program; and (4) developing a citywide heritage tourism plan; and (5) expanding 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; and (6) expanding eligible projects types to include planning, education, and marketing projects, as well as capital projects; and (7) and removing the current \$59,000 cap on grant awards; and

WHEREAS, the City budget process provides a transparent way to allocate funds to city departments, programs, and initiatives, including HPF-funded expenditures; and

WHEREAS, the Parks and Recreation Department and other departments have demonstrated the need for millions of dollars of capital and operating expenditures eligible for Hotel Occupancy Tax revenue under Chapter 351 of the Texas Tax Code; and

WHEREAS, applicants have requested a total of more than \$500,000 for the past two cycles of the Heritage Grant Program; **NOW, THEREFORE**,

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

That the City Manager shall allocate the Historic Preservation Fund Fiscal Year 2019 budget in the following manner:

- 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 to the Heritage Grant Program

BE IT FURTHER RESOLVED:

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

1. Expand the eligible applicants for heritage grants per the recommendations of the Visitor Impact Task Force and the Heritage Grant Working Group;
2. Expand eligible projects for Heritage Grants to include capital projects and planning, educational, and marketing projects; and
3. 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; and

BE IT FURTHER RESOLVED:

That the City Manager shall take immediate steps to 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; and

BE IT FURTHER RESOLVED:

That 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; and

BE IT FURTHER RESOLVED:

That the City Manager shall provide recommendations for FY2019 Historic Preservation Fund expenditures for city assets to the City Council for action by October 18, 2018; and

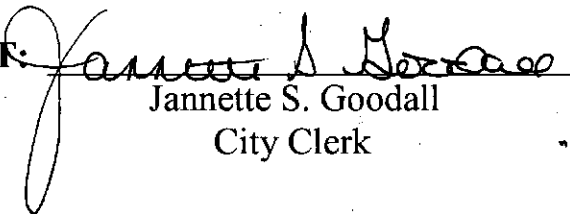
BE IT FURTHER RESOLVED:

That after Council approves the 2019 Historic Preservation Fund expenditures for City assets, the City Manager shall convene stakeholders to solicit feedback on the FY2020 process for determining overall Historic Preservation Fund allocations and identifying possible projects, and report back to Council by May 2019. Stakeholders should include relevant boards and commissions, including but not limited to, Historic Landmark

Commission, Tourism Commission, Arts Commission, Music Commission, Downtown Commission, Design Commission, Parks and Recreation Board and the Urban Renewal Board; members of local preservation organizations, including Preservation Austin, Travis County Historical Commission and the State Historical Preservation Office; the Austin Independent Business Alliance and businesses located in historic districts and/or historic structures.

ADOPTED: October 4, 2018

ATTEST:



Jannette S. Goodall
City Clerk