

RESOLUTION NO. 20201203-046

WHEREAS, iconic venues and other local tourist destinations have been forever lost or displaced due to Austin's successful economy and real estate boom, resulting in the loss of some of Austin's most significant cultural incubators and tourist destinations; and

WHEREAS, iconic venues and local tourist destinations are responsible for launching much of Austin's talent and reputation into what it is today; and

WHEREAS, a recent *Billboard* article, "Venues Closing Across America: An Updating List (And Why It Matters)", speaks to venues closing across the country and struggling without revenue and insufficient government assistance due to the continuing COVID-19 pandemic; and

WHEREAS, the *Billboard* article provides a partial list of permanently closed venues by state, listing fifteen closures for the State of Texas, eight of which are in Austin and being the city with the largest number of closures; and

WHEREAS, Austin hasn't successfully provided a means to save these aspects of Austin's character and culture, resulting in the loss of such places as the iconic Threadgill's World Headquarters and Shady Grove, Barracuda, Plush, Scratchouse, The Townsend, One-2-One Bar, and North Door; and

WHEREAS, the COVID-19 public health crisis continues to negatively impact our tourist related economies due to the general public limiting their travel, public health limitations on the ability to gather, and subsequent requirements of social distancing; and

WHEREAS, businesses that promote tourism and the hotel and convention industry are faced with nearly complete loss of operating income due to COVID-19 precautions on top of the pre-COVID conditions of rising rents; and

WHEREAS, despite best efforts by the City Council and staff, relief funds to assist with expenses have fallen significantly short to meet the need and to date have been unable to address the loss of iconic venues and tourist destinations that serve as significant aspects of Austin's cultural heritage and brand; and

WHEREAS, it may be possible federal funds, as well as local funds such as SAVES funding, could be utilized to stabilize Austin's tourist economy; and

WHEREAS, Austin's unique character and brand has established the City's international reputation for live music and cultural vibrancy that attracts visitors from around the world; and

WHEREAS, culinary, arts, music, and creative venues founded in Austin, and unique to Austin, promote tourism and the hotel and convention industry by defining that character and brand as one filled with distinctive experiences for visitors found only in Austin and the loss of those contributing essential talents and businesses would have negative impacts to the City's ability to quickly recover and thrive upon recovery; and

WHEREAS, Austin City Council Resolution No. 20200326-091 directed City Management to prioritize all necessary resources available to address the public health and economic crises connected to the emergency declaration related to COVID-19; and

WHEREAS, Austin City Council Resolution No. 20200326-091 further directed the City Manager to consider possible options for reassessing other uses of and repurposing of existing Hotel Occupancy Tax (HOT); and

WHEREAS, Texas Attorneys General have affirmed that cities must determine in the first instance whether an expenditure of hotel occupancy tax revenue is proper under Texas Tax Code Section 351.101 and have discretion in determining what expenditures promote tourism; and

WHEREAS, council is determining certain iconic culinary, music and arts venues and spaces may be preserved, restored, acquired, constructed, improved, enlarged, equipped, repaired, operated, and maintained by the city to promote tourism and the convention and hotel industry as:

- (1) as preserved historic sites under 351.101(a)(5); and/or
- (2) visitor information centers under Texas Tax Code, Sections 351.001(8) and 351.101(a)(1); and

WHEREAS, Ordinance 20171214-005 provided for the full 15% allocation from HOT funds for historic preservation and there is opportunity to capture those and previously unrealized dollars to sustain the City's cultural assets; and

WHEREAS, the allocation from HOT funds for historic preservation for the Fiscal Year (FY) 15 through FY18 were not fully realized at the 15% and those unrealized funds, as identified by staff, total approximately \$30.6 million and currently council desires to designate a portion of these funds for allowable preservation projects; and

WHEREAS, Visitor Information Centers are evolving as is the Convention Center industry as a whole and there is opportunity to redefine Visitor Information Centers as destinations that provide an authentic Austin experience in their original locations and that both inform and entertain visitors with and about authentic Austin culture; and

WHEREAS, by securing these originating locations as historic sites or, at least in part, as unique Visitor Information Centers would allow these iconic venues and tourist destinations to be recognized as longstanding contributors to the City's success, contributors to Austin's unique brand, and provide a means to sustain them as significant to the City's unique cultural fabric and status as a tourist destination; and

WHEREAS, businesses that promote tourism and the hotel and convention industry will be critical to the recovery of Austin's tourism economy and hotel room night generation once COVID-19 precautions are lifted; **NOW, THEREFORE,**

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

The City Council declares and designates unique local culinary, arts, music, and creative venues and spaces as essential marketing components in promoting tourism and the hotel and convention industry in Austin and further serve as the backdrop for events and destinations for Austin's tourism success.

BE IT FURTHER RESOLVED,

The City Manager is directed to bring forward a budget amendment to transfer a one-time funding amount of \$2.4M, to be established and drawn from HOT funding, exclusive of the funds currently appropriated with existing 15% cultural arts and 15% historic preservation allocations as well as the Live Music Fund, as allowed under Texas Tax Code, Section 351.101(a)(1), (a)(5), and (b).

The allocation from HOT funds is to be drawn from what would have been allocated in FY17 through FY18 to the Historic Preservation Fund had it been fully funded at the allowable 15% and potentially other HOT funds available and allowable for use per State law for Visitor Information Centers.

BE IT FURTHER RESOLVED,

The City Manager is directed to bring back the budget amendment of \$2.4M with an action to contract with the Austin Economic Development Corporation (AEDC) to manage the funds, no later than January 27, 2021. The components of the program to be included in the AEDC contract are described in the Be It Resolved below.

BE IT FURTHER RESOLVED,

The City Manager is directed to provide an approach for additional \$2.5M payments into the Iconic Venue Fund over the next five years to reach a goal of total funding of \$15M.

BE IT FURTHER RESOLVED,

The City Manager is directed to bring forward such action as is appropriate to contract with the Austin Economic Development Corporation (AEDC) to manage the funds, as set forth in the Texas Tax Code Chapter 351 for the purpose of implementing, as a project, Iconic Cultural Preservation, restoration, acquisition, construction, improvement, enlarging, equipping, repairing, operations, and maintenance as provided for under Texas Tax Code Section 351.101(a)(1), (a)(5), and (b).

BE IT FURTHER RESOLVED,

The City Manager is directed to include in the Agreement being negotiated with the AEDC, this project shall initially consider, but not be limited to, the locations listed in Attachment A as potential projects. These locations are currently identified on the Visit Austin website as tourist destinations and listed as “Iconic Austin Music Venues” and “Iconic Austin Restaurants”. The Agreement terms

shall include a requirement that the AEDC consider at least the following criteria when identifying locations:

- Value to tourism as a destination;
- Need for assistance to avoid loss;
- Interest in participating and securing the venue as a recognized iconic tourist destination;
- Proven track record of business success, as well as, cultural and tourism contributions;
- Agreement to participate in arrangements such as lease-back payments to replenish the Fund in a manner that further secures and sustains additional authentic creative tourist destinations in the future; and
- Interest in serving an integral role for Austin's tourist economy.

BE IT FURTHER RESOLVED,

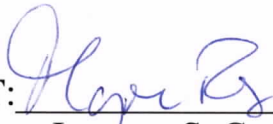
The City Manager shall require in the Agreement with the AEDC the Fund be structured in a way that:

- Recognizes iconic sites as longstanding contributors to Austin's success and unique brand and as established destinations for tourists and for touring musicians recognized nationally and internationally;
- Considers equity to ensure that sites are considered in historically underserved neighborhoods in Austin and sites that are owned, managed, or serving as incubator for creatives from diverse communities.
- Provides a means to sustain these sites as significant to the City's unique cultural fabric and status as a destination, and promotes tourism and the convention and hotel industry;

- Provides a means to sustain the creative community sector to further establish Austin as the epicenter where creatives are equitably supported in their endeavors;
- Uses funds for preservation, restoration, acquisition, construction, improvement, enlarging, equipping, repairing, operation, and/or maintenance of the site, including but not limited to the following activities:
 - Purchase of locations with a lease-back arrangement allowing for creation of a permanent revenue stream to replenish the Fund and permanently preserve venues and spaces;
 - Establish lease payment amounts that are based on the location's revenues and support permanent preservation of the business's success while providing a means to sustain additional spaces in the future;
 - Provides creative structuring of support to be responsive to the unique circumstances of the property and entity owner, operator and others involved in the location's success while sustaining the business as an iconic asset to the City and tourism industry;
 - Provides for an ongoing process and effort to further these types of supports for locations beyond the initial list of locations;
- Redefines and further enhances the tourist experience in Austin by preserving and promoting these authentic destination experiences that are unique to Austin's brand, culture, and history; and

- Provides support for additional visitor destinations to participate, as an example, as Ambassadors through creation of a program that provides compensation to those who train, designate staff and assistance, information, and service to visitors of Austin.

ADOPTED: December 3, 2020

ATTEST:  *For*
Jannette S. Goodall
City Clerk

ATTACHMENT A.
List of Initial Locations for Consideration

The EDO shall initially consider, but not be limited to, the locations listed below as potential Fund projects. These locations are currently identified on the Visit Austin website as tourist destinations and listed as “Iconic Austin Music Venues” and “Iconic Austin Restaurants”.

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| • Historic Scoot Inn | • Stubb’s | • Mohawk |
| • Victory Grill | • The Little Longhorn Saloon | • The White Horse Honky Tonk |
| • Broken Spoke | • Threadgill’s | • Joe’s Bakery and Coffee Shop |
| • Continental Club | • Donn’s Depot | • Sam’s BBQ |
| • Hole in the Wall | • Saxon Pub | • Cisco’s |
| • Antone’s | • Elephant Room | |