



**Budget Amendment  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 4  
AGENDA DATE: Thu 03/24/2005  
PAGE: 1 of 1**

**SUBJECT:** Amend the Fiscal Year 2004-2005 Hotel/Motel Fund Operating Budget of Ordinance No 040913-01 to increase revenue by an amount of \$240,000 and to increase appropriations for the Tourism and Promotion Fund by an amount of \$240,000; and amend Tourism and Promotion Fund by increasing transfers in from the Hotel/Motel Fund by \$240,000 and increasing expense appropriations for Tourism and Promotion Contracts by \$240,000.

**AMOUNT & SOURCE OF FUNDING:** Funding is available from the increased revenue from Hotel/Motel Fund.

**FISCAL NOTE:** A fiscal note is attached. (two attachments)

**REQUESTING** Convention Center      **DIRECTOR'S**  
**DEPARTMENT:**      **AUTHORIZATION:** Robert Hodge

**FOR MORE INFORMATION CONTACT:** Robert Hodge, Director, 404-4040.

**PRIOR COUNCIL ACTION:** The Fiscal Year 2004-05 Operating Budget was approved September 13, 2004.

**BOARD AND COMMISSION ACTION:** N/A

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This Council proposed action amends the Fiscal Year 2004-05 Operating Budget by increasing Hotel/Motel Tax revenue by \$240,000 and increasing expenses for the Tourism and Promotion Contract between the City and the Austin Convention and Visitors Bureau (ACVB) by \$240,000. Upon approval of this amendment, the ACVB contract will incorporate this change in the budget.

The contract between the City of Austin and ACVB allows either party to propose a revised budget during the Fiscal Year reflecting a change in Hotel/Motel Tax collections that vary from the expectations on which the budget was based. In prior years for example, ACVB's budget has been cut in mid-year because of declining hotel tax revenues. In 2002, the City made a mid-year reduction to its payments to ACVB by approximately \$600,000; in 2004, there was a mid-year reduction of approximately \$370,000. Based on Hotel/Motel Tax collections fiscal year-to-date, it is expected that there will be a sufficient increase over budgeted revenue to allow an increase to the ACVB budget by \$240,000.

The number of room nights that are now booked for 2007 are well below the number that would normally be booked two years out. For example, in 2003 approximately 75,000 room nights were booked for 2005. The number booked for 2007 at this point is only 34,000. Increasing ACVB's contract will provide them with additional funds to do some targeted marketing efforts to increase bookings for 2007 – this will result in higher tax collections and a larger distribution to all hotel tax recipients in that year.

ACVB proposes to use the additional funding for the following purposes:

- Reinststate reserve fund
- Additional meeting trade advertising in key markets
- Increase use of new trade show booth to promote awareness of expanded convention center
- Direct mail campaign to targeted clients



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- On-line marketing to key meeting planners
- Increase sales effort in the Texas Association market

**ORDINANCE NO.**

**AN ORDINANCE AMENDING THE FISCAL YEAR 2004-2005 AUSTIN CONVENTION CENTER DEPARTMENT OPERATING BUDGET OF ORDINANCE NO. 040913-01 TO INCREASE HOTEL OCCUPANCY TAX REVENUE AND EXPENSES.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**PART 1.** The Council amends the Fiscal Year 2004-2005 Austin Convention Center Department Operating Budget of Ordinance No. 040913-01 to increase Hotel Occupancy Tax revenue by an amount of \$240,000; to increase transfers out to the Tourism and Promotion Fund by \$240,000; to increase Tourism and Promotion Fund transfers in from the Hotel Occupancy Tax Fund by \$240,000; and to increase Tourism and Promotion Fund contract expenses for Tourism and Promotion contracts by \$240,000.

**PART 1.** This ordinance takes effect on \_\_\_\_\_, 2005.

**PASSED AND APPROVED**

\_\_\_\_\_, 2005      §  
                                 §  
                                 § \_\_\_\_\_  
                                 Will Wynn  
                                 Mayor

**APPROVED:** \_\_\_\_\_  
                         David Allan Smith  
                         City Attorney

**ATTEST:** \_\_\_\_\_  
                         Shirley A. Brown  
                         City Clerk

**OPERATING BUDGET  
FISCAL NOTE**

**DATE OF COUNCIL CONSIDERATION:**  
**WHERE ON AGENDA:**  
**DEPARTMENT:**

3/24/2005  
Ordinance  
Austin Convention Center Department

**DESCRIPTION:** Amend Ordinance No. 040913-01, the fiscal year 2004-05 Operating Budget to increase Hotel/Motel Tax revenue in the Hotel/Motel Fund by \$240,000; increase transfers out to the Tourism and Promotion Fund by \$240,000; increase Tourism and Promotion Fund transfers in from the Hotel/Motel Tax Fund by \$240,000; and increase Tourism and Promotion Fund expenses for Tourism and Promotion contracts by \$240,000.

**FINANCIAL INFORMATION:**  
**Tourism & Promotion Fund**

	2004-05 Approved Budget	This Amendment	2004-05 Amended Budget
BEGINNING BALANCE	\$0	\$0	\$0
REVENUE	\$10,000	\$0	\$10,000
TRANSFERS IN			
Hotel/Motel Bed Tax Revenue	\$4,158,873	\$240,000	\$4,398,873
General Fund	\$125,382	\$0	\$125,382
TOTAL TRANSFERS IN	\$4,284,255	\$240,000	\$4,524,255
TOTAL AVAILABLE FUNDS	\$4,294,255	\$240,000	\$4,534,255
EXPENSES			
Tourism and Promotion Contracts	\$4,294,255	\$240,000	\$4,534,255
ENDING BALANCE	\$0	\$0	\$0

Budget Office Approval: Peggie McLaurin

Date: 3/7/05

# **OPERATING BUDGET FISCAL NOTE**

**DATE OF COUNCIL CONSIDERATION:**  
**WHERE ON AGENDA:**  
**DEPARTMENT:**

3/24/2005  
Ordinance  
Austin Convention Center Department

**DESCRIPTION:** Amend Ordinance No. 040913-01, the fiscal year 2004-05 Operating Budget to increase Hotel/Motel Tax revenue in the Hotel/Motel Fund by \$240,000; increase transfers out to the Tourism and Promotion Fund by \$240,000; increase Tourism and Promotion Fund transfers in from the Hotel/Motel Tax Fund by \$240,000; and increase Tourism and Promotion Fund expenses for Tourism and Promotion contracts by \$240,000.

**FINANCIAL INFORMATION:**  
**Hotel/Motel Bed Tax Fund**

	<u>2004-05 Approved Budget</u>	<u>This Amendment</u>	<u>2004-05 Amended Budget</u>
BEGINNING BALANCE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>REVENUE</b>			
Penalties and Interest	\$32,356	\$0	\$32,356
Hotel/Motel Taxes	\$20,051,290	\$240,000	\$20,291,290
Hotel/Motel Taxes-2 cent Incr.	<u>\$5,728,154</u>	<u>\$0</u>	<u>\$5,728,154</u>
<b>TOTAL AVAILABLE FUNDS</b>	<u>\$25,811,800</u>	<u>\$240,000</u>	<u>\$26,051,800</u>
<b>TRANSFERS OUT</b>			
Tourism and Promotion Fund	\$4,158,873	\$240,000	\$4,398,873
Other Transfers out	<u>\$21,852,927</u>	<u>\$0</u>	<u>\$21,852,927</u>
<b>TOTAL TRANSFERS OUT</b>	<u>\$25,811,800</u>	<u>\$240,000</u>	<u>\$26,051,800</u>
ENDING BALANCE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Budget Office Approval:

*Peggie McLaurin*

Date:

*3/7/05*