



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

**AGENDA ITEM NO.: 5  
AGENDA DATE: Thu 03/24/2005  
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**SUBJECT:** Approve an amendment to the Austin Convention and Visitors Bureau (ACVB) Fiscal Year 2004-2005 Approved Marketing Plan and Budget by increasing the contract payment from the City of Austin to the ACVB by \$240,000 to \$5,155,586 and increasing the contract payment from the City of Austin to ACVB in the amount of \$240,000 to \$4,534,255 for the Fiscal Year 2004-2005.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$240,000 is available in the Fiscal Year 2004-2005 Operating Budget of the Tourism and Promotion Fund.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

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

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

**PRIOR COUNCIL ACTION:** The ACVB Marketing Plan and Budget for Fiscal Year 2004-05 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 Marketing Plan and budget for ACVB by increasing the contract payment from the City of Austin to ACVB by \$240,000.

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:

- Reinstatement 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
- On-line marketing to key meeting planners



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- Increase sales effort in the Texas Association market