




MEMORANDUM

To: Mayor and City Council Members

From: Rodney Gonzales, Assistant City Manager 

Date: August 6, 2019

Subject: Follow up to July 31, 2019 Convention Center expansion update memo

On July 31, 2019, a memo was sent to Mayor and City Council which included a status update of the Convention Center expansion portion of the Palm District Planning Resolution No. 20190523-029 (the Resolution) which Council passed on May 23, 2019. The Resolution included direction to move forward with any ordinances necessary to adopt and initiate the additional hotel occupancy taxes (HOT).

The additional HOT has been a necessary component of the financing model for a proposed Convention Center expansion which has been discussed for the last several years. In last week's update, Council was informed that a HOT increase ordinance was being drafted, and the ordinance was anticipated to be presented to City Council for consideration by the end of the calendar year. However, in assessing the timing for the HOT increase ordinance, staff has posted the HOT increase ordinance for the August 8th City Council agenda so that you can consider preserving this funding option now rather than later in the calendar year.

The additional HOT is needed for the proposed expansion and increasing the HOT now allows for more of the expansion costs to be cash-funded versus debt-funded, which would reduce the amount of debt to be issued, thus reducing overall interest costs. The project financing model, which includes utilizing this increased HOT, also allows for an increased funding allocation for the promotion of arts and historical preservation.

Also, in last week's update, Council was informed that the market and economic impacts studies and the financing model are being updated. This update work will continue, and it is anticipated that an update of the financing model will be presented to Council by the end of the calendar year.

If you have any questions, please do not hesitate to contact me or Carla Steffen, Deputy Director for the Austin Convention Center.

cc: Spencer Cronk, City Manager
Elaine Hart, Deputy City Manager
Mark Tester, Director, Austin Convention Center Department
Carla Steffen, Deputy Director, Austin Convention Center Department