



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of August 29, 2023
 Second Reading Ordinance for the City Council Meeting of September 5, 2023

DATE: August 10, 2023
TO: Peter Zaroni, City Manager
FROM: Eddie Houlihan, Director of Management and Budget
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FY 2023 Budget Amendment for HOT Funds

CAPTION:

Ordinance amending FY 2023 Operating Budget to appropriate \$1,700,000.00 from anticipated Hotel Occupancy Tax (HOT) revenues in the HOT Fund for the contractual payment to Visit Corpus Christi (VCC) and for an emergency declaration for a transformer failure at American Bank Center and appropriating \$330,000.00 from the unreserved fund balance of the HOT Fund for consulting professional services related to the Convention Center Expansion Project; and amending the FY 2023 Operating Budget.

SUMMARY:

The contract between the City and VCC for promotion of convention and visitor activity provides for a payment of 44% of the City's 7% HOT receipts. The actual revenue received from the 7% HOT receipts and the monthly payment to VCC has been greater than budgeted. The total payments to VCC is projected to be \$1,200,000.00 greater than budgeted. The table below shows the amount budgeted and the actual payment to VCC through 11 months and an estimate for month 12.

	VCC Payment Budgeted (44%)	Actual VCC Payment (44%)	Variance from Budget	
October	\$820,128	\$1,246,214	(\$426,086)	
November	\$538,370	\$669,754	(\$131,384)	
December	\$518,528	\$489,596	\$28,932	
January	\$408,008	\$553,104	(\$145,096)	
February	\$348,964	\$314,483	\$34,481	
March	\$303,278	\$262,530	\$40,748	
April	\$319,967	\$366,000	(\$46,033)	
May	\$328,782	\$428,413	(\$99,631)	
June	\$547,583	\$605,464	(\$57,881)	
July	\$583,577	\$595,564	(\$11,987)	
August	\$571,423	\$651,109	(\$79,686)	
September	\$644,978	\$951,355*	(\$306,377)*	Estimated*
Total	\$5,933,586	\$7,133,586*	(\$1,200,000)*	Budget Amendment

On August 7, 2023, there was a transformer explosion at American Bank Center that caused

damage to wiring and other electrical equipment. Repairs are estimated to cost \$500,000.00. An emergency declaration was approved by the City Manager on August 8, 2023.

These budget adjustments require an amendment to the FY 2023 Operating Budget Ordinance #032855 for HOT Fund revenue and expenditures of \$1,700,000.00 for the estimated payment to VCC and to cover damages caused by the transformer failure at the American Bank Center and an increase in expenditures of \$330,000.00 from the unreserved fund balance of the HOT Fund for consulting professional services related to the Convention Center Expansion Project.

BACKGROUND AND FINDINGS:

HOT Fund revenue budgeted and contractual expenditure payment to VCC budgeted are less than current projected amounts. On August 7, 2023, there was a transformer explosion at the American Bank Center that caused damage to wiring and other electrical equipment. The FY 2023 Operating Budget needs to be amended by increasing revenues and expenditures by \$1,700,000.00 to pay out the full contractual amount to VCC and to cover damages caused by the transformer failure. An additional \$330,000 is needed for consulting professional services related to the Convention Center Expansion Project. These funds will be appropriated from the unreserved HOT fund balance.

FISCAL IMPACT:

The fiscal impact for FY 2023 consists of increasing HOT Fund revenue by \$1,700,000.00 and expenditures by \$2,030,000.00 for payment to VCC, to cover damages at the American Bank Center and to provide funding for consulting professional services related to the Convention Center Expansion Project.

Funding Detail:

Fund: 1030 HOT Tax Fund
Organization/Activity: 13800 Convention Promotion
Department: 34 Tourism
Account: 530000 Professional Services
Amount: \$1,200,000.00

Fund: 1030 HOT Tax Fund
Organization/Activity: 13605 Convention Center Maintenance
Department: 34 Tourism
Account: 530210 Building maintenance & service
Amount: \$500,000.00

Fund: 1030 HOT Tax Fund
Organization/Activity: 15100 Economic Development
Department: 34 Tourism
Account: 530000 Professional Services
Amount: \$330,000.00

Revenue:

Fund: 1030 HOT Tax Fund
Organization/Activity: 11020 General Governmental Revenue
Department: 34 Tourism
Account: 300500 Hotel Occupancy Tax
Amount: \$1,322,237.00

Fund: 1030 HOT Tax Fund
Organization/Activity: 11020 General Governmental Revenue
Department: 34 Tourism
Account: 300501 Hotel Occupancy Tax – Convention Center
Amount: \$377,763.00

RECOMMENDATION:

Staff recommends approving the Ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance