

Legislation Text

File #: 15-14932, Version: 1

Hospitality Revenue Capital Investment Policy

Action:

- A. Adopt a Hospitality Revenue Capital Investment Policy to be used for prioritization of hospitality revenue-supported capital investments, and**
- B. Authorize the City Manager to make administrative updates to the policy consistent with the original intent of the policy.**

Committee Chair:

Ed Driggs, Budget and Effectiveness

Staff Resource(s):

Kelly Flannery, Chief Financial Officer

Background

- Based on priorities set at Council's 2020 Annual Strategy Meeting, a referral was made to the Budget and Effectiveness Committee to develop a process to evaluate capital projects funded by hospitality taxes which are restricted to specific uses by the state.
- The city collects hospitality taxes that are restricted per state legislation to expenditures for specified purposes. These revenues are budgeted and accounted for in the Convention Center Tax and Tourism and Hall of Fame Tax funds.
- Hospitality tax revenues are an important component to the city's economic development program and strategic plan. Tourism related capital facilities and infrastructure are important legacies that serve current and future generations. A properly prepared capital plan is essential to the continued delivery of services to citizens and businesses and to the future health of the hospitality funds.

Proposed Policy

- The Hospitality Revenue Capital Investment Policy is designed to define fund balance and debt parameters, establish an evaluation process, and define reporting requirements.
 - Fund balance and debt parameters: These will serve as key metrics in evaluating the funding of capital investments within the hospitality funds. These key parameters will ensure the long-term fiscal health of the funds.
 - Evaluation process: All capital investment opportunities will be evaluated through specific criteria to confirm alignment with Council priorities and to provide transparency when committing current or future debt affordability. The evaluation process will consider economic development, financing, and socio-political criteria.
 - Reporting: Regular reporting and evaluation on approved investments and in-process investments will be performed to establish financial accountability, enhance operational effectiveness, and promote transparency.

Committee Discussion

- The Budget and Effectives Committee (Committee) received information and held discussions on issues and consideration for a policy at the July 21, 2020; August 18, 2020; and December 1, 2020 Committee meetings.

- On December 1, 2020, the Committee voted unanimously in favor of advancing the proposed revisions to full City Council (*Johnson was absent*).
- At the February 1, 2021 Council Strategy Session, Council received a presentation highlighting the proposed changes.

Attachment(s)

Proposed Hospitality Revenue Capital Investment Policy