

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

SUBJECT: Approve a motion authorizing and approving Houston First Corporation's calendar year 2016 budget

Category #

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Agenda Item#

FROM: (Department or other point of origin):
Dawn Ullrich
Director, Convention and Entertainment Facilities Department

Origination Date
November 20, 2015

Agenda Date

DIRECTOR'S SIGNATURE:


Council Districts affected:
All

For additional information contact:
Jonathan Newport **Phone:** 713-853-8245

Date and identification of prior authorizing Council Action:
N/A

RECOMMENDATION: (Summary)
Approve motion authorizing and approving Houston First Corporation's calendar year 2016 budget

Amount of Funding:
NO FUNDING REQUIRED

Finance Budget:

SPECIFIC EXPLANATION:

Effective July 1, 2011, the City entered into an Interlocal Agreement and Lease Agreement relating to the consolidation of the City's Convention and Entertainment Facilities Department ("CEFD") and the Houston Convention Center Hotel Corporation (now Houston First Corporation or "HFC"). Pursuant to the Interlocal Agreement, during December of each year, the City Council is asked to review HFC's annual budget for the upcoming year. As such, attached hereto is HFC's proposed budget for calendar year 2016.

Under the Lease Agreement, HFC is responsible for maintaining and operating various properties leased from the City, including the George R. Brown Convention Center, Wortham Theater, Jones Hall, Miller Outdoor Theatre, Talento Bilingüe de Houston, the Theater District Parking Garage, and various parks and outdoor spaces (collectively, the "Leased Properties"). HFC's budget ensures that the Leased Properties continue to be managed at the highest levels for calendar year 2016. In compliance with CEFD's bond requirements, pledged revenues, such as Hotel Occupancy Taxes ("HOT") and certain parking revenues, as well as debt-related expenses, will continue to be recorded on the City's books prior to a transfer of the remaining "Net Available Pledged Revenues", as prescribed in the Interlocal Agreement. For calendar year 2016, HFC has projected \$86 million for current HOT revenue, of which 19.3% (pursuant to Sec. 351.103 (c) of TX Tax Code) will be paid quarterly to the City to fund the City's arts-related contracts. Additionally, the calendar year 2016 budget includes payment of \$1.147 million to the City for protocol services, promotion of business travel, and traffic control services within the Convention District.

This item was presented at the November 19, 2015 meeting of the Budget & Fiscal Affairs Committee.

The Convention and Entertainment Facilities Department recommends approval of HFC's 2016 calendar year budget.

REQUIRED AUTHORIZATION

Finance Department

Other Authorization

Other Authorization