


**REQUEST FOR COUNCIL ACTION**

**TO: Mayor via City Secretary**

**RCA #**

<b>SUBJECT:</b> Pass Motion Approving Motion approving calendar year 2017 submittals by four organizations under the service contract for the support, advancement, and promotion of the arts utilizing Hotel Occupancy Tax (HOT) revenue dedicated to the arts.	<b>Category #</b>	<b>Page 1 of 2</b>	<b>Agenda Item#</b>
<b>FROM: (Department or other point of origin):</b> Debbie McNulty Director, Mayor's Office of Cultural Affairs	<b>Origination Date</b>		<b>Agenda Date</b>
<b>DIRECTOR'S SIGNATURE:</b> 	<b>Council Districts affected:</b> All		
<b>For additional information contact:</b> Valerie Berry, Assistant Director, Mayor's Office Finance, 832-393-8510 Necole S. Irvin, Cultural Tourism Officer, 832-393-1097	<b>Date and identification of prior authorizing Council Action:</b> 2013-1146 Dec. 11, 2013		

**RECOMMENDATION: (Summary)**  
Pass Motion approving calendar year 2017 submittals consisting of: 1) a proposed scope of services, 2) a board of directors list, and 3) a proposed budget for: Houston Arts Alliance, The Houston Museum District Association, Miller Theatre Advisory Board, Inc. and Theater District Improvement, Inc., in accordance with the contract for the support advancement, and promotion of the arts.

<b>Amount of Funding:</b> N/A (\$15,424,999.70 (ARA estimated) Hotel Occupancy Tax (HOT) arts allocation for Calendar Year 2017)	<b>Finance Department Budget:</b>
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**SOURCE OF FUNDING:**       General Fund     Grant Fund     Enterprise Fund     Other (Specify)

**SPECIFIC EXPLANATION:**

A wide body of economic, educational and social research has found important benefits of the arts and cultural investment to cities and the ability to compete nationally and globally and Houston is increasingly recognized as a premier arts city in Texas, the United States and around the world. The City of Houston has a number of strategies it uses to invest in arts and culture for the benefit of the City's residents and to attract visitors. This recommendation is related to the tourism aspect of the City's cultural development.

The Texas Tax Code allows municipalities to spend up to a maximum of 19.3 percent of Hotel Occupancy Tax (HOT) revenues for the support of the arts with the specific purpose to promote tourism and advance the convention industry. The City has utilized this mechanism to invest in the arts for 39 years.

In 2013, the City entered into a five-year service contract (January 1, 2014 – December 31, 2018) with the four organizations below for the support, advancement and promotion of the arts to directly enhance and promote tourism and the convention and hotel industry by providing ongoing support for the City's artists and cultural institutions and providing technical assistance and support to artists and qualified small, emerging, minority, and mid-sized cultural arts organizations, and to further the arts environment through the development of new initiatives. Council approved documents for years 2014-2016 are presented on the Mayor's Office of Cultural Affairs webpage for greater transparency.

On October 14, 2015, City Council adopted the Arts and Cultural Plan for the City of Houston (Motion 2015-0716) and implementation is fully underway. While this recommendation focuses on the tourism aspect of the City's cultural development, the organizations that utilize HOT revenues dedicated to the arts also deploy other significant private, State and even Federal funds to deliver programs and services beneficial to residents including arts education programs and community outreach. Houston has more than 500 nonprofit organizations devoted to the arts, science and history in the Houston area. Grants and distributions through this contract are made to approximately 250 of these groups each year. The Mayor's Office of Cultural Affairs has dedicated staff responsibilities to increase oversight and ensure a fair and equitable process for grant applicants, advance opportunities that reflect the City's racial and gender diversity, expand coordination efforts to highlight neighborhoods as destinations and increase awareness of arts and cultural investments by the City as recommended in the Arts and Cultural Plan. In 2017 Houston Arts Alliance is increasing its budget for regranting by six percent to support more arts and cultural programs. Additionally, the Mayor's Office of Cultural Affairs is working with the contractors, cultural districts

**REQUIRED AUTHORIZATION**

**Director:**

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**SPECIFIC EXPLANATION (CONT'D)**

and other stakeholders to better articulate the full community impact of Houston's nonprofit cultural sector and its role in our world image. Based on the contract agreement, each contract organization will receive quarterly payments of a specified percentage of the Allocated HOT Revenue for services described in the business plans. Because the annual distribution is based on actual receipts tallied at the end of the calendar year, the dollar amount above is an estimate only. The Finance Department will disperse HOT funds received for this purpose as outlined by the contract agreement.

The breakdown and use of funds is as follows:

Houston Arts Alliance (39.5%)

Administers a grants program, based on a peer review process, to provide general operating support grants as well as several other grant categories including City's Initiatives grants to about 200 non-profit arts and cultural organizations, individual artists and special arts projects. HAA will also administer a variety of outreach and support services and [Artshound.com](http://Artshound.com) which provides arts and culture calendar content to cultural district websites and VisitHouston.com. *HAA's management of City civic art projects is provided through separate contracts.*

The Houston Museum District Association (18%)

Marketing and tourism support for 19 museums within a 1.5 mile radius that provide rich experiences in art, history, culture, nature and science. The 11 members of HMDA who receive HOT funds from the Association include Children's Museum of Houston, Houston Museum of Natural Science, The Jung Center, The Menil Collection, Rice Gallery, Contemporary Arts Museum Houston, Holocaust Museum Houston, Houston Zoo, The Health Museum, Lawndale Art Center, and The Museum of Fine Arts, Houston. The Museum District Association is projecting 6.5 million visits in 2017. The 19 museums employ, commission or contract approximately 825 local artists. With combined budgets of \$196 million, member institutions employ over 2,300 Houstonians living in every neighborhood in the region. The museums are accessible to everyone - 11 museums are free every day of the year and the other 8 offer dedicated free times. The Association also hosts quarterly zoned events to leverage the largest walkable cultural district in the United States.

Miller Theatre Advisory Board, Inc. (16%)

Support for the only outdoor proscenium theatre in the United States that offers, totally free of charge, to the public, an annual season of more than 125 artistically excellent and culturally diverse performances for nearly 400,000 Houstonians and visitors. Since 1923, Miller Outdoor Theatre in Hermann Park has been Houston's venue for free outdoor performances and Miller is now the most attended amphitheater in the country. Miller leverages the annual distribution of HOT funds to maximize ROI (\$4.73 per person in 2016) for the City of Houston.

Theater District Improvement, Inc. (24%)

Tourism marketing for the Houston Symphony, Houston Grand Opera, Houston Ballet, Alley Theatre, Theatre Under The Stars, Society for the Performing Arts and Da Camera of Houston. In 2016, the Theater District attracted 1.4 million visits by people from all over the world to its performances. In addition, the resident companies regularly perform on the world stage, representing Houston as a City of international culture. TDI also provides performing arts-based content for the Downtown magazine and [DowntownHouston.org](http://DowntownHouston.org), hosts an annual Open District that converts attendees into ticket holders and creates new events, like Food Truck Tuesdays, to attract audience and awareness into downtown.

City's Initiative Grant Program (2.5%)

Administered by HAA with final approval from the Mayor's office, the program provides small grants, usually ranging from \$1,000 to \$10,000, to take advantage of special programmatic opportunities including neighborhood tourism.