

Legislation Text

File #: 17-200, Version: 1

Presenter/Contact

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SUBJECT:

Approval of an amendment to the contract between the City of New Braunfels and the Greater New Braunfels Chamber of Commerce Inc. concerning the use of Hotel Occupancy Tax.

BACKGROUND / RATIONALE:

The City contracts with the Greater New Braunfels Chamber of Commerce for the provision of marketing, tourism support and convention activities. As part of this agreement, and as provided in state statute, the chamber receives 50 percent of the City's hotel/motel tax revenue (HOT) to support these activities. The City Council approved a new contract on June 9, 2014. In November of 2014, the contract was amended by City Council to allow for reasonable time for the audited financials of the Convention and Tourism Fund to be delivered to City Council.

The current contract remits monthly payment to the chamber that equal 50 percent of actual hotel/motel collections collected in the previous month. In discussions with chamber staff, it has been determined that this current arrangement and payment method creates significant cash flow problems for the Convention and Tourism Fund. As we are aware, the collection of hotel/motel taxes is seasonally impacted. Therefore, during the first six months of the fiscal year (approximately), the payments are much smaller than those remitted during the summer months. Over the past couple of years, the chamber has shifted to more digital and on-line promotional modes and methods of advertisement, which require either partial or full payment up front. Prior to, print media and publications was the main mode of advertisements, which didn't require payment until those goods were received (later in the fiscal year).

To address this cash flow issue, staff is recommending an amendment to section 6.1 of the current agreement (attached). The change modifies remittance of hotel/motel proceeds in a way that allows up to 50 percent of the budgeted expenditures to be reimbursed during the first six months of the fiscal year. For the remainder of the fiscal year (April-September), payments would only be remitted that reconcile with 50 percent of the actual fiscal year to date total hotel/motel proceeds.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

N/A

FISCAL IMPACT:

There is no fiscal impact stemming from the amendment, the chamber will still receive the 50 percent of actual hotel/motel taxes collected.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the contract amendment.