



Agenda Item: Discuss and Review Potential Process for Hotel Occupancy Budget Allotment Requests to the City of Galveston

Background: City Council passed 3 ordinances on December 8, 2022 (22-043, 22-073 & 22-074), that did several things, but the three main things it did are as follows:

- Gave budget approval authority to City Council
- Required the transfer of millions of dollars of HOT cash to the City
- Approved or deferred projects included in our Capital Improvement Plan (CIP)

The Park Board received provisional approval of the fiscal year 2023 budget from council on December 8th, but that approval did not include special projects and capital outlays. Capital outlays were considered in a separate ordinance, also passed on December 8th, with some gaining approval and others deferment (see 22-043). Also, some projects and capital outlays are not included in the board approved CIP that is sent for City Council consideration. Those include most projects and equipment purchases in the governmental funds (Beach Cleaning, Beach Patrol, General Fund, Nourished Beach, and Tourism Development).

Exactly how the budget approval or capital/special project approval process will look in the future is to be determined in the ongoing interlocal agreement negotiations with the City. But all discussion right now seems to indicate we will need to prepare an allotment/draw request for expenditures including special projects on a quarterly basis. The quarterly allotment requests will likely be accompanied by a budget to actual schedule for the previous quarter's actual revenue and expenditures. City staff has indicated that a line-item detail as is currently depicted in our annual budget will be sufficient to satisfy State law requirement for listing of eligible HOT expenditures. Right now, it appears these allotment requests will be limited to the HOT recipient funds which are Beach Cleaning (CZM), Beach Patrol, Nourished Beach, and Tourism Development.

That said, Park Board staff is changing the way we prepare budget projections to accommodate this. The current process was projecting revenues and expenses through yearend and presenting updated projections to the Finance and Operations Committee (FOC) on a quarterly basis. The process will be revised to include a breakdown projected expenditures by fiscal year. For fiscal year 2023, the breakdown will include the final two quarters of the year (April to June and July to August).

Staff is currently working the first allotment request now and hopes to have it ready for Board consideration at the February meeting, scheduled for February 28, 2023. For future quarterly allotment requests, staff plans to run them through FOC before taking it to the board for consideration.

Staff Recommendation: N/A

Funding Source: N/A