



Agenda Item: Discuss and Consider Approval of the Fiscal Year 2023 2nd and 3rd Quarter Request for Hotel Occupancy Tax Funding from the City of Galveston

Background: Ordinance 22-073 calls for the City and Park Board to enter into a contract for the distribution and use of Hotel Occupancy Tax (HOT). Per Ordinance 22-073, this contract is to be in place to provide a process for quarterly payments of HOT to the Park Board to support the council approved budget. Park Board and City staff have been negotiating the HOT contract.

While an agreement should be reached soon, the Park Board is getting prepared for the busy summer season and needs an injection of HOT cash. Historically this is an intense ramp up period for the organization as it prepares for the peak season; staffing up 150 additional seasonal employees, obtaining necessary heavy and lifesaving equipment and deploying 'summer season' advertising campaigns. Special project funds for the sponsorship of 4th of July activities, Juneteenth and beach construction projects are also forecasted to make this quarter a high resource utilization period.

Tourism Development, Coastal Zone Management, Nourished Beach, and Beach Patrol are HOT dependent departments. This draw request will fund the activities for these departments for the upcoming 3rd quarter (4/1/2023 to 6/30/2023) and reimburse the expenses for the current quarter (1/1/2023 to 3/31/2023). Even though a contract is not yet in place, City staff has indicated they would support a request for funding.

In preparation for the initial quarterly HOT funding draw request, executive staff have prepared forecasts for quarterly expenses. This draw request includes funding for personnel (fulltime, part-time, and seasonal), maintenance and operations, and capital purchases. Currently, the third quarter HOT funding draw request is scheduled to be submitted to the City by March 15, 2023, to ensure a timely payment of funds to the Park Board by April 1, 2023.

Staff Recommendation: Staff recommends the committee approve the draw request and direct staff to submit the request to the City.