

Mayor and Council Communication

DATE: 10/12/21

M&C FILE NUMBER: M&C 21-0794

LOG NAME: 25ARPA-VFW-TDG

SUBJECT

(ALL) Approve Allocation of Funds from the American Rescue Plan Act for a Tourism Development Grant to the Fort Worth Convention and Visitors Bureau, dba Visit Fort Worth, in the Amount of \$6,000,000.00 and Authorize Execution of an Agreement

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the allocation of up to \$6,000,000.00 from the American Rescue Plan Act, Subtitle M (Coronavirus State and Local Fiscal Recovery Funds) for a Tourism Development Grant to the Fort Worth Convention and Visitors Bureau, dba Visit Fort Worth, to be paid in three equal annual installments beginning in Fiscal Year 2022; and
2. Authorize execution of an agreement with the Fort Worth Convention and Visitors Bureau, dba Visit Fort Worth, for the grant.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to approve the allocation of American Rescue Plan Act (ARPA) funds to enhance the capacity of the Fort Worth Convention and Visitors Bureau, dba Visit Fort Worth (VFW), to promote Fort Worth as a tourism and special event destination between 2021 and 2026.

VFW's main purpose is to promote the tourism and convention and hotel industries within the City of Fort Worth (City). VFW carries out these purposes through a professional services agreement with the City (City Secretary Contract Number 44949, as amended and addended). Funding for general marketing of the entire City and all of its facilities is derived from a percentage allocation of hotel occupancy tax (HOT) collections by the City on an annual basis. With the shutdown of the travel and tourism industry because of the COVID-19 pandemic, funding for VFW was significantly reduced in Fiscal Years (FY) 2020 and 2021. It is anticipated that HOT collections will begin to recover in FY2022, but not to pre-pandemic levels, which will leave VFW with an additional shortfall.

As VFW is the City's lead entity concerning sales and marketing for tourism and special events, it is critical that VFW be provided with the financial resources to lead this segment of the Fort Worth economy back to pre-pandemic levels of performance.

ARPA allows local governments to invest in tourism-related programs to revive their visitor economies with Subsection 603(c)(1)(A) of Title VI of the Social Security Act (added by ARPA) specifically authorizing aid to "impacted industries such as tourism, travel, and hospitality." The ARPA funding must be committed by the end of 2024 and spent by the end of 2026. The Tourism Development Grant will allow VFW to continue its focus on the on-going recovery effort to strengthen the physical and economic health of the community and as such was determined to be a qualified priority by City Management for ARPA funding as approved by the City Council in M&C 21-0445 on June 22, 2021.

After consulting with VFW on the funding necessary to promote the market in a post-pandemic environment, Staff recommends that the City enter into an agreement with VFW for an ARPA funded Tourism Development Grant of up to \$6,000,000.00. VFW would be expected to develop and execute a sales and marketing plan to spur the recovery of the City's hospitality and tourism industry, along with carrying out programs to effectively market the City. The grant would be paid to VFW in three equal installments of \$2,000,000.00 in the first-quarter of fiscal years 2022, 2023 and 2024, providing no less than three years between the final payment and the required deadline for all funds to be spent.

Approval of this M&C will authorize execution of an agreement with VFW and will allocate \$2,000,000.00 for FY2022 in the American Rescue Plan Act project in the Grants Operating Federal Fund budget for the first payment in the fourth-quarter of calendar year 2021. The allocation of the remaining payments will be included in FY2023 and FY2024. All funding to VFW will include the necessary reporting and documentation requirements for the City to be in compliance with all reporting requirements in the ARPA legislation.

ALLOCATION OF ARPA SUBTITLE M FUNDING

The following chart reflects the current status for allocation of the City's ARPA funding under Subtitle M:

		M&Cs
Total CFW ARPA Subt M Funding	\$173,745,090.00	21-0445
Allocations To-Date	\$0	-
Current Allocation	\$6,000,000.00	this M&C
Remaining Unallocated Balance	\$167,745,090.00	

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and allocation from the American Rescue Plan Act, funds will be available in the current operating budget, as appropriated, in the Grants Operating Federal Fund. Prior to an expenditure being incurred, the Public Events Department has the responsibility to validate the availability of funds. This is an advance funded grant.

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