



Now is the time to do the right thing with our City's tourism dollars

Once in a while cities face a turning point in their history. In the 1960s, New York unexpectedly rejected a cross town freeway that would have obliterated a large swath of lower Manhattan. Embracing their better angels, New Yorkers chose the side of local business and real live New York residents over the dictates of big business, highways and construction. We would hardly recognize New York if the Lower Manhattan Expressway had been built.

Austin faces a similar choice today. We can put our money where our hearts and minds tell us we should, preserving and growing what makes Austin a special place for residents and visitors alike.

Or we can sacrifice three more blocks of downtown and more than \$1.5 billion over the next 25 years to expand a convention center that already creates a large dead zone in southeast downtown and lost more than \$25 million last year alone.

How City Council chooses to spend our growing hotel occupancy tax will decide what path we choose. Our collections of this hotel tax, known as "HOT," has been growing rapidly from just \$36 million in 2007 to more than \$90 million this year. This growth reflects the fact that visitors love Austin. And they come for many reasons, filling up our hotels almost as fast as we can build them.

This phenomenal success in Austin's tourism has almost nothing to do with conventions at the convention center. Only a tiny fraction of visitors—roughly two percent—come to the convention center. And almost one-third of convention center attendees come for a single event—SXSW. Yet our convention center consumes about 85% of our City's HOT tax revenues.

The real drivers of Austin tourism—the people, places and activities that we love —are left to fight each other over that last 15%. Many get none of the HOT funds.

Many of the people and places that visitors and residents love the most are suffering or disappearing: live music and music venues; locally-owned, Austin-only businesses; artists and art spaces; historic sites; and our lakes, springs, parks, and pools. They, like many of us, are either struggling to cope with the high cost of living and doing business in Austin or are being degraded or threatened by Austin's hyper-growth. The time we have to save these human, natural and cultural treasures is slipping away.

Some of our cultural treasures are hurting or disappearing due in part to our city's history of racism. The historic Victory Grill, the Montopolis Negro School, Old Anderson High, Decker Lake Park, and our historic park pools to name a few, could all be revived for us and for visitors with HOT revenues.

But now Mayor Alder and others would increase this mismatch between HOT generation and HOT investments by committing to a \$600 million expansion to the convention center. Even if wildly successful, an expanded convention center would hardly move the needle on Austin visitor counts.

Continued and growing convention center losses are more likely. According to convention industry expert, Dr. Heywood Sanders of UT-San Antonio, the convention center industry has only grown a total of 3% over the last 15 years, while convention center space has grown by 40%. This glut of too much space chasing too few conventions results in our and other convention centers giving away their space for free or nearly free—hence the \$25 million operating loss last year. The convention center race is a race to the bottom.

The \$600 million expansion price tag, a guess at best, leaves out a few things: the cost of buying 2 to 3 more blocks of prime downtown real estate; lost future tax revenues on that land, which has been estimated at more than \$50 million per year in 2031 and beyond; and a larger annual operating loss for a larger facility, possibly as much as \$50 million per year.

Then there's the hundreds of millions more to redo the poorly designed existing convention center that boosters would rather not talk about until they have locked in the billion-plus needed for the proposed expansion.

There's simply no business case for expanding the convention center as proposed. If there were, it would have been thoroughly documented and vetted, with all of the costs and projections laid out for public review and comment.

Despite the missing business case for expansion, it's the opportunity costs that really break the bank and the heart. "Opportunity costs" are all of those things we could have funded if we didn't commit over \$1.5 billion to the proposed expansion.

Imagine if we flipped the 85/15 split, dedicating many tens of millions more each year to supporting live music; museums and theatres; artists, musicians, and film makers; pools and preservation. We could spread the money around geographically, instead of sinking it all downtown, and make some amends for our decades of neglect of our human, natural and cultural treasures.

If expanding the convention center made sense on its own terms, then we doubt the Mayor would be selling it as a way to address homelessness. We will have far more community resources to address homelessness if we first invest our HOT funds wisely and equitably, with an eye towards meeting our most urgent tourism-related community needs.

In 1998 when Austin voters approved \$135 million in bonds to expand the convention center we were told the center would pay for itself and fill up hotel rooms. The community, including environmental and neighborhood leaders, supported the bonds. Costs turned out much higher, and benefits much lower than projected.

Now the same promises are being made, but the facts don't support the claims. The convention market has changed. The price tag has increased ten-fold. And this time the Mayor wants to dodge voter approval of this enormous, \$1.5 billion, 25 year commitment.

But we can choose a better path, one that is better for downtown and for the whole community. It's time to match our spending with our priorities. Right now, in this year's city budget.

Mayor Pro Tem Kathie Tovo and Councilmembers Leslie Pool, Ann Kitchen and Ellen Troxclair have proposed shifting \$10 to \$12 million away from the convention center and towards arts, music, and heritage preservation. Their resolution is Item 60 on [this week's August 31 city council agenda](#). Please support this resolution with a quick email message to the entire council [at this link](#). Tell them you support the Item 60 resolution giving more HOT funding to arts, music, parks and preservation. Please attend the Thursday August 31 public hearing to show your support. This is an important first step in matching our priorities with our spending of City taxes.

Very soon, we should take this first step further, shifting \$50 million or more per year away from convention center construction for the next few years, perhaps as a trial effort, to meet these emergency needs.

Meanwhile, we should send the convention center boosters back to the drawing board with directions to bring us a complete business case for fixing their current problems first and improving performance. Then, if it makes sense, we can put the whole thing before the voters in a few years, when the proposal is fully baked, along with any competing and potentially better proposal that would commit the lion's share of our tourism HOT funds for decades to come.

This is the most important opportunity we have had in years to put our money to those special people, places, and activities that make Austin exciting to visitors and residents alike and which we say we care about. If we don't match our words with our deeds we will lose what makes Austin Austin.