



Agenda Item Report

Legislative Board: City Council
Date: March 3, 2026
Contact: Michelle Henley
Agenda Item ID / Number: 2026-234- / J.5

ITEM TITLE: Deliberation and possible action to authorize a sponsorship for the 2026 Old Settlers Music Festival to be held on April 17-19, 2026 at Camp Ben McCulloch (Community Relations & Destination Services Director Lysa Gonzalez) [PUBLIC TESTOMONY]

1. EXECUTIVE SUMMARY

Old Settler's Music Festival, Inc. submitted a Hotel Occupancy Tax (HOT) Reimbursement Grant application requesting \$8,000 in funding for the 39th Annual Old Settler's Music Festival scheduled for April 17–19, 2026, at Camp Ben McCulloch in Driftwood, Texas.

While the festival anticipates generating some overnight stays in Buda hotels due to the City's proximity to the event site, staff determined that the event's location outside of Buda limits the City's ability to realize broader tourism return-on-investment metrics typically associated with HOT-funded events, including visitor spending at Buda restaurants, retail establishments, and attractions.

As an alternative approach, staff recommends consideration of an \$8,000–\$10,000 sponsorship partnership rather than a HOT grant award. A sponsorship would position the City of Buda as a regional music tourism destination while promoting Buda's Texas Music Friendly Community designation, local music venues, festivals, and community amenities to a large regional and national audience.

This partnership is intended to serve as an ongoing relationship-building opportunity that may lead to expanded collaborations and future tourism opportunities. The Old Settler's Music Festival already partners with the City for their youth talent competition as part of Buda's Birthday event.

2. BACKGROUND/HISTORY

Old Settler's Music Festival (OSMF) is a long-standing Central Texas music festival and nonprofit organization dedicated to advancing American roots music through live performances, education, and community engagement. The festival attracts regional, national, and international attendees and features multiple days of live music, camping, artisan vendors, and family-oriented programming.

The 2026 festival will take place at Camp Ben McCulloch in Driftwood, Texas. According to the submitted application:

- Approximately 1,800 attendees per day are anticipated
- Approximately 350 attendees per day are expected to travel from outside the area

The festival estimates 39 hotel rooms and approximately 82 hotel room nights associated with artists, attendees, vendors, and volunteers.

Because Buda contains the closest concentration of hotel accommodations to the festival site, organizers anticipate lodging activity occurring within Buda hotels.

Old Settler's Music Festival requested HOT funding primarily to support advertising and promotional efforts for future festival marketing initiatives.

3. ANALYSIS

Hotel Occupancy Tax funds must demonstrate a clear connection to increasing overnight stays and directly promoting tourism within the City of Buda.

While staff recognize that the festival may generate limited hotel usage locally, the event itself occurs outside city limits. As a result, visitors may have minimal interaction with Buda businesses beyond lodging, reducing measurable impacts related to:

- Sales tax generation
- Restaurant and retail spending
- Attraction visitation
- Extended visitor stays within Buda

However, staff identified a strategic opportunity to partner with Old Settler's Music Festival through a sponsorship model rather than a traditional HOT reimbursement grant.

Old Settler's Music Festival maintains a strong regional and national audience reach, including:

- Attendees traveling from across Central Texas and the United States
- A demographic largely aged 35–64 with household incomes exceeding \$100,000
- Over 35,000 combined social media followers
- Approximately 20,000 monthly website visits

A sponsorship partnership would allow the City of Buda to actively market:

- Buda as a music tourism destination
- The City's Texas Music Friendly Community designation
- Upcoming 2026 festivals and live music programming
- Local businesses, restaurants, lodging options, and amenities

Unlike a HOT reimbursement structure, a sponsorship provides direct branding and promotional

visibility tied to measurable marketing exposure.

Additionally, establishing a partnership with Old Settler's Music Festival may support future discussions regarding expanded collaboration opportunities with the City of Buda, including the potential of the music festival moving to Buda in the future.

4. FINANCIAL IMPACT

Proposed sponsorship funding: \$8,000–\$10,000

Funding source: Hotel Occupancy Tax Fund Advertising allocation

The proposed amount aligns with the organization's original funding request while shifting the investment toward marketing and destination promotion benefits for the City.

This expenditure was not a part of the Council approved budget for FY 2026.

5. STRATEGIC PLAN/GOALS

FUN EXPERIENCES FOR ALL

6. STRATEGIC PLAN OBJECTIVES

Fun Experiences For All

7. PROS AND CONS

Pros

- Promotes Buda as a regional music and cultural tourism destination
- Aligns with Buda's Texas Music Friendly Community designation
- Provides marketing exposure to a large regional and national audience
- Supports promotion of Buda hotels, businesses, and upcoming events
- Builds a relationship with an established Central Texas music festival
- Creates potential for expanded future partnerships

Cons

- Festival is not located within Buda city limits
- Limited direct sales tax impact during the 2026 event
- Hotel night generation may be modest and difficult to fully track
- Sponsorship benefits depend on negotiated marketing deliverables

8. ALTERNATIVES

- **Approve the HOT Grant Request as Submitted**

Award \$8,000 through the HOT Grant Program despite the event occurring outside city limits.

- **Approve Sponsorship Partnership (Staff Preferred Option)**

Provide sponsorship funding in the amount of \$8,000–\$10,000 tied to marketing and promotional deliverables benefiting the City of Buda.

- **Deny Funding Request**

Take no action and decline participation in either a HOT grant or sponsorship partnership.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to execute a sponsorship agreement with Old Settler's Music Festival for an amount not to exceed \$10,000.

Attachments:

[Old Settlers Music Festival HOT Grant Application 2026_Redacted.pdf](#)

[OSMF supporting document_Redacted.pdf](#)

[Sponsor " Old Settlers Music Festival_Website Info.pdf](#)