



CITY OF ALBANY
CITY COUNCIL WORK SESSION
Municipal Court Room
Monday, November 17, 2014
4:00 p.m.

OUR MISSION IS

*"Providing quality public services
for a better Albany community."*

OUR VISION IS

*"A vital and diversified community
that promotes a high quality of life,
great neighborhoods, balanced
economic growth, and quality public
services."*

AGENDA

- 4:00 p.m. **CALL TO ORDER**
- 4:00 p.m. **ROLL CALL**
- 4:00 p.m. **BUSINESS FROM THE PUBLIC**
- 4:05 p.m. **TRANSIENT LODGING TAX DISCUSSION**
Action Requested: Discussion, direction.
- 5:15 p.m. **CITY MANAGER PERFORMANCE EVALUATION – Council**
Action Requested: Discussion; direction.
- 5:45 p.m. **COUNCILOR COMMENTS**
- 5:55 p.m. **CITY MANAGER REPORT**
- 6:00 p.m. **ADJOURNMENT**

Rules of Conduct for Public Meetings

1. No person shall be disorderly, abusive, or disruptive of the orderly conduct of the meeting.
2. Persons shall not testify without first receiving recognition from the presiding officer and stating their full name and residence address.
3. No person shall present irrelevant, immaterial, or repetitious testimony or evidence.
4. There shall be no audience demonstrations such as applause, cheering, display of signs, or other conduct disruptive of the meeting.

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, advance notice is requested by notifying the City Manager's Office at 541-917-7508, 541-704-2307, or 541-917-7519.



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Kate Porsche, Economic Development & Urban Renewal Director *KCP*
Transient Lodging Tax (TLT) Ad Hoc Committee Members
DATE: November 13, 2014, for the November 17, 2014, City Council Work Session
SUBJECT: Report from TLT Ad Hoc Committee
RELATES TO STRATEGIC PLAN THEME: ● A Healthy Economy

Action Requested:

Please review the attached staff report from October 3, 2014, in preparation for discussion at the November 17, 2014, City Council Work Session. Consider possible funding packages and recommend a course of action. Provide feedback related to the medium-term effort related to return on investment (ROI) and how to create added value to the tax base from recipients of TLT.

Discussion:

This discussion was moved forward after some brief discussion on October 6, 2014. Please see the original staff report for details. Additionally, the most recent TLT Numbers have been attached for you.

KP:de
Attachments 2

G:\Economic Development\TLT\Staff Report TLT Discussion_final.docx



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Kate Porsche, Economic Development & Urban Renewal Director
Transient Lodging Tax (TLT) Ad Hoc Committee Members
DATE: October 3, 2014, for the October 6, 2014, City Council Work Session
SUBJECT: Report from TLT Ad Hoc Committee

RELATES TO STRATEGIC PLAN THEME: ● A Healthy Economy

Action Requested:

Review this report in preparation for discussion at the October 6, 2014, City Council Work Session. Consider possible funding packages and recommend a course of action to be brought forth at the Wednesday, October 8, 2014, City Council meeting. Provide feedback related to the medium-term effort related to return on investment (ROI) and how to create added value to the tax base from recipients of TLT.

Discussion:

At the direction of the City Council, staff brought together an ad hoc group to review the current status, challenges, and opportunities related to TLT in Albany. This group consists of the following members:

- Jimmie Lucht, Executive Director, Albany Visitors' Association
- Rod Porsche, Executive Director, Albany Downtown Association
- Ed Hodney, City of Albany Parks & Recreation Director
- Kate Porsche, City of Albany Economic Development & Urban Renewal Director
- Leigha Thomas, Holiday Inn and Comfort Suites
- Dave Pappas, Phoenix Inn Suites
- Randy Porter, Linn County Expo Center
- Chisty Luehring, Best Western Plus
- Jenna Sigler, LaQuinta

Our group has met a handful of times over the summer. The meetings have been productive allowing for dialogue, brainstorming, and ultimately, the formulation of this report.

As the group sees it, there are three distinct issues that should be considered: the first two relate to a possible funding partnership with the City: capital improvements and the potential for a new Sales/Marketing position at the Expo Center; and, third, a better understanding, creation of goals and metrics related to the ROI of the TLT.

Please find below an outline of each of these issues. Our group will be coming before you at the October 6, 2014, City Council Work Session for a general update and discussion of our work. Then, should the Council desire to move forward with a funding package, we will plan to bring that forth at the City Council Meeting on Wednesday, October 8, 2014. Members of this ad hoc group will be available at both meetings to answer questions and discuss this initiative.

Possible Funding Partnerships

1) Outside Sales Position: The TLT Ad Hoc group met to discuss the potential for an outside sales position using the draft proposal submitted by Councilor Rich Kellum as a jumping off point. After some excellent discussion, there was consensus that a possible first step is to use a portion of the TLT to assist with the funding of this position.

It was agreed upon, and backed up by Randy Porter that a preferred structure for staff would be to have a new, strong outside sales person paired with a full-time internal coordinator position (Jan Taylor's old position) located onsite to show the property and schedule and coordinate events.

Our group proposes funding for this new position. Amounts of \$50,000 and \$90,000 were discussed. We believe full funding of the position would cost \$90,000. A \$50,000 contribution from the City's TLT would be paired with a contribution from Linn County to fund the position (an option that has been discussed in offhand conversations with county folks but has not been fully reviewed or approved by them). The \$50,000 would come from the reserve line item in the first year. Reserves for this fund were originally set at \$100,000 for the purpose of creating a cushion for the existing programs should the TLT see a dip in revenues. However, in looking at the TLT funding over the last five years, there has not been a decrease in funding; and our group feels that a \$50,000 reserve would be sufficient. Funding from this line item would not affect existing programs in the first year. The funding formula will be calculated next year based on the normal budgeting process.

Should the Council choose to fully fund the position at the \$90,000 level, our group recommends taking the \$50,000 from the reserves, as outlined above, and the remaining \$40,000 would come from the Collaborative Tourism Program (CTP) line item.

Randy Porter indicates that there are about 11 weeks open and available for bookings at the Expo Center right now. At one of our meetings, there was discussion about the ROI for this position and whether or not filling these weeks would net or create a positive cash flow for the Expo Center. Randy indicates that a focus on certain types of users at the Expo Center and those which would create multiple night stays in local hotels could create that net return. There was consensus around focusing the compensation package on targeting preferred types of bookings (multi-night hotel stays) in order to create a stronger ROI through the TLT.

In addition, the group agreed that there should be some strings attached to the funding and that the details should be outlined in a Memorandum of Understanding. Our group suggests the following:

- 1) The position is to be contract/commission-based and would report to the County (Randy Porter).
- 2) A three-year commitment for these funds to ensure time to see its effectiveness.
- 3) One hundred percent (100%) of the funds go to funding the new position. Our group discussed a commission-based structure with some percent for retained events, a larger percentage for new events, a bonus or even larger percentage for multiple-night hotel bookings.
- 4) Commission to be paid when the contract is signed and the deposit is received.
- 5) Measurable ROI – First year to be contacts made and solid leads generated (client has been visited, interested in Albany for a future event). Second and third years to use quantification of bookings and room-night stays associated with bookings. Performance goals including: solicitation calls, site tours, outside calls, and proposals sent are typical requests for sales managers. How many of each completed per month can be discussed, and results to be reported to City and TLT partners.

Funding of the outside sales position is the recommendation of our group.

2) Maintenance and capital investment in the building: Understanding that there is no consensus on the Council as to what a potential funding partnership might look like, we wanted to put forth a different option for consideration: use of the funds for maintenance and/or capital investment in the Expo Center Building. Through the course of our meetings, Randy provided us with a list of needed updates to the building (please see attached). We will come prepared to discuss the list on Monday.

Finally, the question of ongoing maintenance on the building has also been discussed at different times. One solution that's been floated at other meetings is the possibility of an increase in the TLT rate in some form or another. Our group isn't going to engage in this discussion—the consensus was that this topic is a policy discussion for political leaders. With that said, we think it could be a component of the proposed Strategic Planning Session (see below).

Discussion around ROI of TLT

Our group feels that there is a need to continue discussion around the focus on ROI of TLT—that is, work to answer the larger question of understanding how funds are spent and how those funds create a ROI. The group feels that there are broader underlying questions such as: What are we trying to accomplish with the TLT, what's the right approach, and how do we measure success? How do we look at this holistically and work together to increase lodging nights?

At our most recent meeting, the group agreed that an excellent first step would be to hold a strategic planning session to help us define our targets. There was consensus around inviting all hotel property owners, some restaurants, facilities in our communities such as the Flinn Block and Wheelhouse, along with community partners involved in tourism and economic development to be part of this planning session. We would like to get underway with the session and hold it this fall. From this meeting, we hope to better understand our partner's thoughts on how to focus on funds, measure success, and create stronger TLT funding for all. As mentioned above, one component of this discussion would relate to the question of potential funding partnerships or possibly an increase in detail to the tax fund's ongoing maintenance of the Expo Center.

Our group would plan to report back to the City Council with the findings from the strategic planning session and an action plan for moving forward.

Budget Impact:

Should the Council decide to fund either of the proposed partnerships, budget impact to the Economic Development Fund and TLT revenues would be \$50,000 to \$90,000 dollars for three years and potentially ongoing.

KP:de
Attachments 2

Transient Lodging Tax

	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	One Year Inc/(Dec)
June	56,903.20	66,142.84	70,216.51	77,409.60	58,856.38	65,109.51	74,791.39	83,725.00	83,604.98	96,785.47	13,180.49
July	65,328.58	73,548.95	78,553.01	76,614.68	64,479.48	63,246.19	68,645.45	68,809.21	82,744.49	96,618.04	13,873.55
August	61,828.03	75,619.26	80,760.78	81,479.90	59,170.75	65,888.74	68,557.53	78,856.74	89,406.86	110,011.44	20,604.58
September	54,738.84	61,784.17	68,404.81	57,316.21	55,144.86	52,909.43	65,653.56	69,016.77	74,469.33	83,164.03	8,694.70
October	41,624.93	55,743.35	55,984.61	50,236.39	47,457.56	60,510.56	55,498.43	61,645.95	64,312.96		
November	46,931.15	51,637.13	59,569.38	53,527.53	42,575.49	50,839.59	57,134.31	60,753.30	62,534.47		
December	31,441.70	46,216.20	42,548.89	37,208.57	34,261.55	39,871.09	35,423.51	34,911.37	39,599.78		
January	34,627.01	42,348.61	45,005.69	37,649.54	38,047.53	41,075.93	45,659.69	42,724.35	44,922.02		
February	44,023.04	48,646.66	53,562.58	42,447.53	40,897.63	51,168.23	55,389.50	51,318.07	61,806.67		
March	54,728.14	59,597.39	62,935.55	51,651.28	53,023.44	47,934.48	63,119.11	68,891.63	63,409.76		
April	58,515.02	63,596.49	65,170.85	48,414.39	55,804.79	57,095.23	51,769.12	67,720.46	57,265.44		
May	54,996.18	56,585.04	61,392.73	57,215.67	57,646.79	51,975.19	56,748.69	50,626.32	78,190.80		
Total	605,685.82	701,466.09	744,105.39	671,171.29	607,366.25	647,624.17	698,390.29	738,999.17	802,267.56	386,578.98	56,353.32

RATES

01/26/1978	5%
10/01/1985	6%
09/26/1986	6% less admin fee of 5%
07/01/1994	8% less admin fee of 5%
07/01/1999	9% less admin fee of 5%