NOTICE OF PUBLIC MEETING

TRANSIENT ROOM TAX TASK FORCE
City Hall
Willamette Room
Monday, October 18, 2010
2:00 p.m.

AGENDA

1. CALL TO ORDER (Mayor Sharon Konopa)

2. ROLL CALL

3. APPROVAL OF MINUTES
   - September 20, 2010. [Pages 1-4]
     Action:________________________

4. SCHEDULED BUSINESS

   a. Discussion of state law. [Pages 5-6]
      Action:________________________

   b. Discussion of "parking lot" parameters. [Verbal]
      Action:________________________

   c. Discussion of "parking lot" list. [Page 7]
      Action:________________________

5. BUSINESS FROM THE TASK FORCE

6. NEXT MEETING DATE: *TBA*

7. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you need special accommodations to attend or participate, please notify the Human Resources Department in advance by calling (541) 917-7500.

NOTICE OF PUBLIC MEETING

TRANSIENT ROOM TAX TASK FORCE
City Hall
Willamette Room
Monday, September 20, 2010
2:00 p.m.

MINUTES

Attendance: Mayor Sharon Konopa, Ralph Reid, Jr., Steve Terjeson, Oscar Hult, Randy Porter, Jimmie Lucht, Wes Hare, Stewart Taylor, Jim Delapoer, John Pascone

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 2:00 p.m. Introductions were made by all in attendance. Konopa said that this is an ad hoc task force and would be dissolved once the group has developed a recommendation for the City Council for the allocation of the transient room tax revenue.

SCHEDULED BUSINESS

Oregon State Law and Albany Municipal Code

Jim Delapoer said that ORS 320.350 (3) is the most significant statute relating to transient room tax revenue. It states "*A unit of local government that imposed a local transient lodging tax on July 1, 2003, may not decrease the percentage of total local transient lodging tax revenues that are actually expended to fund tourism promotion or tourism-related facilities on or after July 2, 2003. A unit of local government that agreed, on or before July 1, 2003, to increase the percentage of total local transient lodging tax revenues that are to be expended to fund tourism promotion or tourism-related facilities, must increase the percentage as agreed.*"

Delapoer said that we are going to have to go with logic to come up with a disbursement policy. He said that we have historically used a portion of the tax revenue to pay for the Linn County Fair and Expo bonded debt and for tourism. The bonded debt will be paid off this year and is considered "new revenue," of which at least 70 percent must be used to fund tourism promotion or tourism-related facilities, and 30 percent can be used for general city services.

Ralph Reid said that he believes that the bonded debt was for transportation. Konopa said that she thought that the bonded debt was also used for the property.

Stewart Taylor said that now that the bonded debt will be paid off, 70 percent of that amount must be used for tourism promotion or tourist-related facilities. Wes Hare said that although the bond is being paid off this year, there will be less money than in previous years due to declining transient room taxes. Delapoer said that we have to look back to 2003 (2004 budget year) and look at the percentages that were used. Reid said that if we were spending all of our TRT on tourism except for the debt reduction, then we should only have to apply the 70/30 percent calculation on those debt reduction funds. Hare went over the usage of the TRT revenue in 2004. *[See attached document]*

Reid said that he is concerned that we are locking in the percentages from 2003-2004. Delapoer said that we should use those numbers for figuring out where to go from here. For example: If 40.21 percent was used for tourism promotion and tourist-related facilities and 46.99 percent was used for the debt service reduction, then 40.21 percent must continue to be used for tourist promotion activities and tourist-related facilities. When the debt is retired, the 70/30 percent must be applied to the "new revenue."

Example:

In FY 2004, 40.21 percent was used for tourism promotion and tourist-related facilities. We must continue with this percentage.

In FY 2009, 35.80 percent was used to fund the final debt payment and needs to have the 70/30 rule applied = 25.06 percent goes for tourism, 10.74 percent goes for general city services.

40.21% + 25.06% = 65.27%, for tourism; 34.73% can be used for general city services.

Hare said that Albany's local transient lodging tax rate has been nine percent since 1999.

Taylor said that we can give an estimate of what our revenues will be for 2011. Konopa asked Taylor to bring those numbers to the next meeting. Taylor said that the statute is not as clear as it could be, but it says that when the debt is retired you apply the 70/30 percent rule to the revenues previously directed to the debt.

Objective of the Task Force

Mayor Konopa said that during the Budget Committee meetings they talked about a policy about how to distribute Transient Room dollars. Konopa said that we have an ordinance of how we bring in the transient room dollars but not a policy to disburse those funds.

Information from the Local Transient Lodging Tax Survey Report Dated May 2008

Reid noticed that Lebanon was not listed as receiving transient room tax revenue. He also noticed that Medford, Klamath County, and Newport raised their tax rates after 2003.

Compiling a "Parking Lot" List from Task Force Members of what Entities/Activities/Events should be Discussed Regarding the Allocation of Transient Room Tax Dollars

Konopa said that she would like the Task Force to come up with suggestions for use of the money. Listed below are the suggestions:

- 30 percent of the debt service payment be used as a capital reserve for the airport. (Reid)
- 30 percent of the debt service payment to be used for business development. (Terjeson)
- Funds for a joint marketing effort between the Expo, AVA, ADA, etc. (Porter)
- Funds for marketing the Northwest Art and Air Festival. (Hare)
- Reimbursement to the Police and Fire Departments for their presence at events. (Konopa)
- Funds for new events and new attractions. (Lucht)
- Funds for fireworks, the Veterans' Day parade, and central service charges. (Hare)
- Funds for countywide promotions. (Konopa)
- Funds for the Monteith Society. (Hult)

BUSINESS FROM THE TASK FORCE

None.

NEXT MEETING DATE: Monday, October 18, 2:00 p.m., Willamette Room

ADJOURNMENT

The meeting adjourned at 3:20 p.m.

Respectfully submitted,

Diana Eilers
Administrative Assistant I

Reviewed by,

Stewart Taylor
Finance Director

ECONOMIC DEVELOPMENT FUND
USE OF TRANSIENT ROOM TAX REVENUES
Ten Fiscal Years

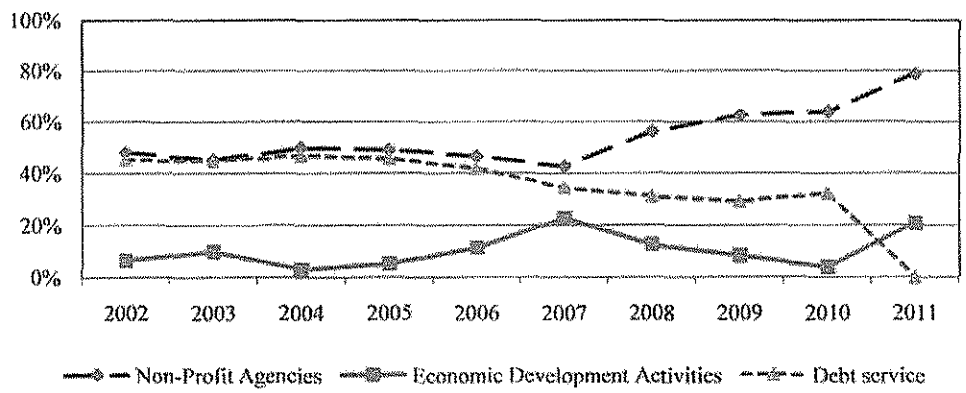
	.........Non-Profit Agencies.........						
Fiscal Year	Albany Visitors Association	AMEDC(1)	Albany Downtown Association	Amount Available for Other Activities	Total Economic Development Fund	Debt Service(2)	Total Transient Room Tax Revenues
2002	$ 185,000	$ 37,500	$ 10,000	$ 31,485	$ 263,985	$ 218,698	$ 482,683
2003	185,000	37,500	10,000	51,089	283,589	230,521	514,110
2004	205,000	40,000	10,000	15,227	270,227	239,540	509,767
2005	215,000	40,000	15,200	29,000	299,200	251,204	550,404
2006	230,000	40,000	15,000	69,502	354,502	256,014	610,516
2007	234,800	40,000	25,000	159,769	459,569	241,343	700,912
2008	347,000	45,000	25,000	93,037	510,037	231,083	741,120
2009	347,000	45,000	30,000	56,150	478,150	196,593	674,743
2010	337,300	45,000	39,900	25,400	447,600	213,100	660,700
2011	320,300	42,700	38,400	106,400	507,800	-	507,800

(1) Albany-Millerburg Economic Development Corporation
(2) For Fiscal Year 2011, no tax revenues are required for debt service.

PERCENTAGE OF TOTAL ROOM TAX REVENUES BY USAGE
Ten Fiscal Years

	.........Non-Profit Agencies.........						
Fiscal Year	Albany Visitors Association	AMEDC	Albany Downtown Association	Amount Available for Other Activities	Total Economic Devlopment Fund	Debt Service	Total Transient Room Tax Revenues
2002	38.33%	7.77%	2.07%	6.52%	54.69%	45.31%	100.00%
2003	35.98%	7.29%	1.95%	9.94%	55.16%	44.84%	100.00%
2004	40.21%	7.85%	1.96%	2.99%	53.01%	46.99%	100.00%
2005	39.06%	7.27%	2.76%	5.27%	54.36%	45.64%	100.00%
2006	37.67%	6.55%	2.46%	11.38%	58.07%	41.93%	100.00%
2007	33.50%	5.71%	3.57%	22.79%	65.57%	34.43%	100.00%
2008	46.82%	6.07%	3.37%	12.55%	68.82%	31.18%	100.00%
2009	51.43%	6.67%	4.45%	8.32%	70.86%	29.14%	100.00%
2010	51.05%	6.81%	6.04%	3.84%	67.75%	32.25%	100.00%
2011	63.08%	8.41%	7.56%	20.95%	100.00%	-	100.00%

PERCENTAGE OF TOTAL ROOM TAX REVENUES BY USAGE
Ten Fiscal Years



TO: Transient Lodging Tax Task Force

FROM: Stewart Taylor, Finance Director

DATE: October 15, 2010

SUBJECT: Follow-up From Previous Discussion

The purpose of this memo is to provide additional information regarding questions that were raised in our initial discussion. The questions were related to the purposes and uses of the Hotel/Motel Tax Revenue Bonds, Series 1995 (Bonds) and the application of ORS 320.350 to the payment and maturity of the Bonds.

Tax Revenue Bonds, Series 1995

The City Council authorized the issuance and sale of Hotel/Motel Tax Revenue Bonds, Series 1995 in an amount not to exceed $2,300,000 by Resolution Number 3546 on September 13, 1995. The purpose of the Bonds was described as a cooperative effort between the City and Linn County to construct and equip a new Linn County Fair and Exposition Center. The Resolution provided that the net proceeds of the Bonds would be transferred to Linn County pursuant to the Intergovernmental Agreement to fund construction and capital improvements related to the project.

The combined funding sources for the Fairgrounds Project were identified on page 4 of the Official Statement as follows:

Table 1 - Estimated Funding Sources for Fairgrounds Project

From Linn County	
Linn County GO bonds	$ 5,000,000
Interest Earinings	200,000
Exisiting Fairgrounds -- proceeds from sale of property	1,400,000
County Road Funds -- road improvements on & off site	1,700,000
Small Scale Energy Loan	200,000
Federal grant funds	500,000
Total Linn County sources	$ 9,000,000
From the City	
1995 Hotel/Motel Tax Revenue Bonds (this issue)	$ 2,300,000
Bond issuance costs	100,000
Site donation -- 35 acres	2,000,000
Utility improvements	802,800
Total City sources	$ 5,202,800
Total cost of Project	$ 14,202,800

Development of the Fair and Exposition Center included a variety of utility and infrastructure improvements in addition to actual construction of the buildings. The use of the bond proceeds appears to have been in support of the entire project and was not tied to construction of buildings or any of the separate improvements.

ORS 320.350

Following the initial meeting of the task force, I sent an email to the OR Department of Revenue asking for clarification of several questions we discussed. The Department of Revenue oversees Oregon Local Budget Law. My email landed on several desks before I was referred to Mr. Todd Davidson, Executive Director of Travel Oregon. Mr. Davidson is the former director of the Albany Visitors' Association so he has a personal interest in the welfare of our community.

Mr. Davidson and I had a spirited discussion similar to the one we had in our first meeting. He shared that he was very involved in the negotiations that led to the adoption of the 2003 statute. He described that there was quite a bit of give and take to fairly represent the needs of cities and the interests of the lodging industry. He also confirmed that the statute has not been challenged in court so specific clarification beyond the statute is not available.

Based on my talk with Mr. Davidson and further review of the statute, here are additional discussions and, hopefully, some clarification for several of the questions we discussed.

- Very little of the statute actually applies to the City of Albany because the City has not imposed a new lodging tax and has not increased the tax rate that was in place in 2003.
- Local governments that have imposed or increased lodging tax rates since 2003 have done so under authority of subsection (5). Subsection (5) applies the 70/30 percent rule described in subsection (6) to all new or increased local transient lodging tax. The timing limitations of subsections (1) and (2) regarding new or increased tax do not apply if the provisions of (5) and (6) are followed.
- The only provision of the statute that directly applies to debt not supported by a new or increased tax is the first sentence of subsection (4). That provision states that a local government that is financing debt with local transient lodging tax revenues on November 26, 2003 must continue to finance the debt until retirement of the debt. The stipulations of eliminating the tax or applying the 70/30 percent rule upon debt retirement only apply if the debt was supported by a new or increased tax.
- The requirement in subsection (3) to not decrease the percentage of total local tax revenues that are expended to fund tourism promotion or tourism-related facilities is silent on whether or not the percent includes debt payments. Mr. Davidson feels it does if the purpose of the debt is for tourism promotion or facilities. I disagree since debt is specifically addressed in subsection (4) and, in our case, the proceeds of the debt that supported the Fair and Expo Center were actually expended in 1995 and 1996.

I feel the City of Albany has been very prudent in recognizing the value of tourism promotion and facilities and has been diligent in funding those activities. Since there is no expectation of changing that support in the future, I feel the City is meeting the intent of the statute.

ST
c: Wes Hare, City Manager
Jim Delapoer, City Attorney

"Parking Lot" List for Allocation of Transient Room Tax Dollars
for
Entities/Activities/Events

From the September 20 TRT Task Force meeting, listed below are the suggestions from task force members for use of the money:

- *30 percent of the debt service payment be used as a capital reserve for the airport. (Reid)*
- *30 percent of the debt service payment be used for business development. (Terjeson)*
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