



APPROVED: April 13, 2016

**CITY OF ALBANY
TLT AD HOC ADVISORY COMMITTEE
City Hall, Santiam Room
Wednesday, March 9, 2016
3:00 p.m.**

MINUTES

CALL TO ORDER

The meeting was called to order at 3:00 p.m.

ROLL CALL

Committee Members present: Julie Jackson, Mitch Langjahr, Chuck Leland, Mike Martin, Betsy Penson, Scott Pierson

Committee Members absent: Jeff Christman (excused)

INTRODUCTIONS

City Manager Hare briefly reviewed the role and obligations of the Transient Lodging Tax (TLT) Ad Hoc Advisory Committee. Under Oregon Public Meetings Law, meetings are noticed and open to the public, minutes are taken, and there is a public record. Members are subject to Oregon Government Ethics Law, which requires that they reveal any potential conflicts of interest. An easy-to-read Guide for Public Officials is available at the Oregon Government Ethics Commission website. Introductions followed.

ELECTION OF OFFICERS

Mike Martin nominated Scott Pierson for Chair, and Chuck Leland seconded. There were no additional nominations. The nomination passed 6-0.

Leland nominated Martin for Vice Chair, and Pierson seconded. Martin declined the nomination.

Martin nominated Jeff Christman for Vice Chair, and Pierson seconded. There were no additional nominations. The nomination passed 6-0.

SCHEDULED BUSINESS

Business from the Public

Councilor Ray Kopczynski said that he thinks this is a valuable process to go through as long as it's fair across-the-board to every agency that receives TLT funds. He suggested that the committee take whatever time needed to do this right.

Councilor Rich Kellum said that he asked for this committee to be formed. He said that it's been a number of years since TLT allocations have been reviewed, that Council approved this review group by a 5-1 vote, and that this is not a chopping process but rather an investigation into how the money is being spent and whether there are any recommended changes. He is sure that those who receive TLT will cooperate in the process.

Kopczynski and Kellum left the meeting at about 3:10 p.m.

Chair Pierson said that in Budget Committee and other public meetings and processes, he has felt that people don't always have the same information and that there is some disinformation. He said Councilor Kellum encouraged this process to have an independent group of people with marketing experience review and analyze the information, look at projections and trends, and make recommendations to the City Council. His goal is that committee members come to meetings highly organized and ready to receive information and discuss issues as a group, with the ultimate goal of making recommendations to the City Council.

Review of ORS and requirements related to Transient Lodging Tax

Finance Director Stewart Taylor said that legislation was recently passed which increased the Oregon state TLT from 1 percent to 1.8 percent for four years, after which it will reduce to 1.5 percent. The legislation also broadened the language regarding the use of TLT dollars at the state level which will allow the funds to be used for events and facilities, including the track championships at University of Oregon in 2021. The above changes do not apply to local government TLT.

Taylor said the City of Albany TLT is currently 9 percent and it is collected from hoteliers on a monthly basis. Under state statute, the percent of the TLT that was devoted to tourism and tourism promotion in 2003 needs to continue at that rate. In the City's budget at that time, 40 percent of TLT was used to support the Albany Visitors Association (AVA), the activity that is most purely related to tourism and tourism promotion. It could potentially be found that portions of the TLT allocated to the Albany Downtown Association (ADA), Albany-Millersburg Economic Development Corporation (AMEDC), and other activities were also devoted to tourism and tourism promotion in 2003, thereby adding to that base amount. Any new or increased TLT taxes have a 70/30 split, with 70 percent to be available for tourism or tourism promotion.

Hare added that the City currently receives about \$1 million per year in TLT, meaning that \$400,000 for tourism or tourism related purposes would cover the legal obligation. However, the state and others have taken an expansive view of what constitutes tourism purpose, and Lincoln City and other cities have argued that a big percentage of their police, fire, and other services exist only for their tourism industry.

Pierson said one of the things he would like this committee to consider is how we can improve the inflow of dollars from outside our community.

Review of current policy and budget

Economic Development and Urban Renewal Director Kate Porsche drew attention to the City's Transient Lodging Tax (TLT) Policy that is in the agenda packet. The City Council established a TLT Task Force in 2011 to recommend a methodology for allocation of TLT dollars and provide more certainty for the recipient partners. The TLT Policy established in 2011 defined three groups of funding: 1) Existing programs that have traditionally received funding from TLT revenues: ADA, AVA, AMEDC, and Albany Airport Capital Reserve; 2) New programs that had not traditionally received funding from TLT revenues: Collaborative Tourism Promotion, Albany Main Street Program Development, Northwest Art & Air Festival, Public Safety Reimbursement, Veterans' Day Parade, Public Works Reimbursement, Monteith House Museum Capital Reserve, and City Trolley Maintenance & Operations; and 3) Reserve Account set at \$100,000. The policy established that funds would flow first to Existing programs with up to three percent increase per year if TLT revenues were sufficient. New programs would receive any remaining TLT resources on a proportionate basis, with the exception that the Veterans' Day parade would remain at a flat \$3,000 allocation. The policy states that any decreases may be offset from the Reserve for Existing programs but not for New programs and that decreases shall not be offset from any other City resource. The Reserve was established with \$100,000 in 2011, and it has not been used as TLT revenues have increased each year since 2010.

Betsy Penson commented that the more that is generated in overnight tourism, the bigger the TLT budget. She said that the market has become more competitive with new hotels in Corvallis and Lebanon; and that from a lodging and retail business point of view, we should do everything possible to generate more multi-night stays.

Pierson said he would like to get information from hoteliers including occupancy rates, duration of stays, how many days in advance they are booking, and trends and forecasts for the next few years.

Porsche reviewed the Economic Development Fund Revenue/Expenditure Report, where the TLT budget has traditionally been housed. In response to questions from the Committee, staff provided clarifying information about specific line items, investments and interest income, and governmental accounting procedures and rules.

Porsche distributed and reviewed a handout that was provided to the Budget Committee last year, showing the breakdown of Proposed TLT Uses Per Policy and the City Manager's Proposal, which was ultimately adopted. She said there had been such an increase in TLT that New program recipients would have received a 112 percent increase in TLT. Under the City Manager's proposal, the New programs received a 3 percent increase with the remainder to flow to the City's Equipment Replacement Fund. Hare added that the recipient programs had no proposals for the extra money and he didn't think the City could justify that expense to the community when the funds were so badly needed for equipment replacement – fire trucks and police cars. His proposal was that this was a legitimate need of the City, a legitimate use of the funds, and that the City Council had the discretion to appropriate the funds in that way. Going forward, he hopes this committee and the Budget Committee will agree that there are reasons to continue replenishing the Equipment Replacement Fund using this source.

In response to questions from the committee, Porsche further described the New program recipients as laid out in the TLT Policy, and Hare said that recipient organizations are required by contract to report to the City Council on a regular basis regarding their use of the funds and what they perceive to be their return on investment.

Porsche referred to the Revenue/Expenditure Report line item for Linn County Expo (Expo) Marketing Contractor. She reviewed the work of a previous TLT ad hoc work group which included discussion about greater marketing of the Expo for events that create multi-night stays and benefit the entire community. Based on a recommendation from that group, the City Council agreed to partner with Linn County to fund a position that would focus on marketing of the Expo Center with an eye toward multi-night stays. The agreement was for one year and the City Council will consider whether to renew the agreement in April. Hare noted that the City agreed to pay up to \$40,000 for salary and up to \$50,000 in commissions; however, no commissions were paid, and the County very recently terminated their contract with the person who had been retained.

Pierson said he would like to have a presentation from the Expo related to their bookings, including those that generate overnight stays.

Examples from other communities

Hare said there is probably no more controversial subject for cities and communities around the state than the issue of TLT and how it will be used. He told of experiences in other communities where this issue has led to community tension and divisiveness disproportionate to the dollars involved. One of the tensions in communities is how much is spent promoting versus how much is spent developing events or attractions. For example, the Albany Historic Carousel and Museum is not a TLT recipient; but it has received significant City resources over the years, and it is now generating 1,400 to 1,500 visitors per month. He said the committee will hear from TLT recipients, hoteliers, and other interested groups. This is not a simple task, but he thinks that the most successful processes include a general path which does not continually change and create uncertainty for the recipient agencies.

In response to a question from the committee, Hare said that Linn County has the ability to levy an additional TLT on all hotels within the county, and he briefly reviewed past discussions with the Linn County Commissioners on this issue before they ultimately decided not to go forward with assessing a TLT.

Planning for upcoming meetings (agenda and dates)

Discussion followed regarding upcoming meeting planning. It was agreed that the committee would like to hear from the hoteliers, the Linn County Expo, ADA, AVA, AMEDC, Airport reps, and other recipients and stakeholders. They would like to consider metrics and ways to measure the effectiveness of the expenditures and stimulate new ideas of what could be done. Porsche will begin to schedule the presentations.

Discussion followed regarding process and timeframe. Pierson said he anticipates that four to five meetings will be needed for information gathering, with another two to three meetings to brainstorm metrics and recommendations. There was general agreement to meet two times per month. Porsche will send a Doodle poll to finalize meeting dates and times.

Staff updates and issues

None.

BUSINESS FROM THE COMMITTEE

There was no additional business.

NEXT MEETING DATE

Wednesday, April 13, 2016, 3:00 p.m.

ADJOURNMENT

Hearing no further business, Chair Pierson adjourned the meeting at 5:15 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Recorder

Kate Porsche
Economic Development & Urban Renewal Director

Economic Development /TLT Review of Policy and Current Budget



FISCAL YEAR 2015-2016

TLT Policy - April 2011



Existing
Programs

New
Programs

Reserve
Account

Existing Programs

Albany
Downtown
Association
(ADA) (60304)

Albany
Visitor's
Association
(AVA) (60310)

Albany-
Millersburg
Economic
Development
Corporation
(AMEDC)
(60311)

Albany
Airport
Capital
Reserve
(91271)

New Programs

Collaborative
Tourism Promotion
(61307)

Albany Main Street
Program
Development
(61308)

Veterans' Day
Parade (61309)

Public Safety
Reimbursement
(Fire 91268 and
Police 91270)

Northwest Art &
Air Festival (91272)

Monteith House
Museum Capital
Reserve (91273)

City Trolley
Maintenance &
Operations
(91274)

Public Works
Streets (91275)

Target Utilities
(91902)

TLT Programs/Policy



Existing

- Up to 3% increase per year if TLT revenues are sufficient
- Reductions may be off-set from reserve, but not from any other City resource

New

- Available TLT resources to be distributed among new programs on a proportionate basis
- Veteran's Day Parade to remain at a flat \$3,000
- Decreases shall not be off-set from any other City resource

Reserve

- Reserve set at \$100,000

Review of Line-Items



**DETAILED BUDGET REVIEW
ITEMS FOR CONSIDERATION
QUESTION/ANSWER**