



APPROVED: November 9, 2016

**CITY OF ALBANY
TLT AD HOC ADVISORY COMMITTEE
City Hall, Santiam Room
Wednesday, October 19, 2016
3:00 p.m.**

MINUTES

CALL TO ORDER

Chair Scott Pierson called the meeting to order at 3:00 p.m.

ROLL CALL

Committee Members present: Scott Pierson, Julie Jackson, Betsy Penson, and Steve Reynolds

Committee Members absent: Mike Martin (excused), Mitch Langjahr (excused), and Chuck Leland (excused)

APPROVAL OF MINUTES

September 14, 2016, and September 28, 2016

MOTION: Committee Member Julie Jackson moved to approve both sets of minutes as presented. Committee Member Betsy Penson seconded the motion, and it passed 4-0.

SCHEDULED BUSINESS

Business from the Public

John Pascone with Albany-Millersburg Economic Development Corporation (AMEDC) shared his views about how the TLT Ad Hoc Advisory Committee meetings have been progressing and the direction the committee has chosen. He stated that it appears their focus is on “heads in beds” as a qualifier for which organizations should receive Transient Lodging Tax (TLT) funds and how much; while he understands that it is an important factor, he believes it overlooks the impact of other sectors on the local economy. He shared employment and wage statistics related to economic development activities and urged the committee to consider the dividends paid by economic development and the financial contribution made by bringing new retail and manufacturing businesses to the community. He explained that AMEDC was the driving force to bring Target Distribution Center to Albany, resulting in roughly \$23 million per year worth of salaries and benefits, or about \$450 million over the last 20 years, and a projected total nearing \$1 billion in another 20 years. Additionally, the distribution center is now the largest taxpayer in Albany. AMEDC projects account for 9 percent of all jobs and 11 percent of all wages in Albany; the average wage for AMEDC projects is roughly \$44,500 per year, while the Albany average is roughly \$37,000. In contrast, wages tied to accommodation and food service come in at about half the rate at which AMEDC projects pay, between \$22,000 and \$24,000 per year. He also noted that if the Committee’s focus is on the number of hotel stays generated by tourism, it is important to remember that many of those hotel nights can be attributed to business stays. Discussion followed.

Pierson stated that if AMEDC is generating property tax revenue, he believes there is a strong argument to be made with the City Council for AMEDC to receive funds from the General Fund. He noted that the Committee has been given the charge to look at tourism, marketing efforts, and lodging tax revenue associated with “heads in beds.” He doesn’t believe that economic development should be solely funded

by lodging tax. In that same vein, he would argue that the General Fund should not be supporting tourism.

Committee Member Steve Reynolds asked Pascone, related to AMEDC's six-month report, whether additional funding would have enabled him to secure some of the larger businesses on the report, such as CH24 or the mushroom growing company. Pascone stated that those companies chose not to relocate to Albany because of the antibusiness culture of the state in general, not because of AMEDC's funding limitations. Discussion followed related to the success AMEDC has seen with small startups like Deluxe Brewing Company. Pascone explained that additional funding would enable him to hire staff to help with recruiting businesses and working with more startups. Discussion followed.

There was general agreement among the committee members present that they did not wish to micromanage how recipients spend their funds, but that it was their charge as a committee to evaluate recipient organizations and to create metrics in order to determine whether each organization's efforts are producing desirable results.

TLT Ad Hoc Advisory Committee discussion

Urban Renewal Officer Nathan Reid handed out an Excel spreadsheet (see agenda file). Assistant City Manager/Chief Information Officer and Interim Economic Development Director Jorge Salinas explained that the spreadsheet recalculates the committee members' allocations based on a weighted, one-seventh voting method. He noted that since it is not likely that the committee will be able to come to a consensus on the allocations when some members are allocating no funding while others are showing increases to current funding levels, this is one option in order to facilitate the Committee coming to an agreement.

Jackson commented that while the weighted method seems completely fair, she doesn't like the approach. She voiced concerns about major funding cuts to some of the organizations, which could represent one or more staff members. Reid pointed out that with the weighted method, funding will actually increase for some organizations; and if the Committee feels that the numbers are too low for others, they can then decide where to change allocations.

Discussion followed regarding whether it was necessary for the committee members to reevaluate their allocations one more time before making a decision. Penson commented that she, personally, would like to eliminate her allocation to equipment replacement after hearing Pierson's comments about why it should not be funded by lodging tax revenue.

Pierson relayed his desire for the Committee to come to a consensus about how they want to present to the Council. If the Committee wishes to present a complete budget, the weighted option might be a good approach, but another option might be to go to Council with general recommendations. He questioned whether it was their directive to bring back exact figures, to be that granular in their approach.

Salinas explained that staff will begin work on the budget for the 2017-2018 fiscal year in January 2017, so it would be helpful to have the Committee's recommendations solidified by then. He noted that there are only a few meetings left in the calendar year to bring this item before Council. Pierson agreed that the Committee needs to complete their work before the makeup of the Council changes so that there's continuity and momentum.

Discussion followed related to whether the Eco Devo City of Albany (COA) line item should be eliminated or combined with the General Fund allocation. Salinas pointed out that the Eco Dev COA line item supports administration of the TLT program; similarly, the City allows five percent of TLT dollars to remain with the lodging tax collectors for their part in administering the program. He expressed concern over eliminating the funds in this line item because that will cause the five percent to be funded from the General Fund, which is not appropriate; the TLT fund needs to be self-sustaining. The Committee agreed that this item should continue to be funded from TLT and that the fund should be self-sustaining.

The Committee reviewed and discussed each line item based on the weighted method and eliminating extreme outliers within the allocations; they decided on the following recommendations:

- Given that over the last several years, the average yearly amount of funds used from the Collaborative Tourism Promotion (CTP) line item has been \$8,000, the Committee decided that funding for this line item should be reduced to \$21,274.
- The equipment replacement line item should be zeroed out and any remaining funds combined with the General Fund allocation.
- Albany Visitors Association should be funded at \$395,500.
- The Albany Municipal Airport should be funded at \$75,258.
- AMEDC's funding should be \$72,273.
- The Eco Devo COA line item should be funded at \$42,400 in order to keep the program self-sustaining.
- Main Street funding should remain at \$49,400.
- Veterans' Day Parade should be funded at \$3,500.
- Northwest Art & Air Festival (NWAAF) should be zeroed out and the funds combined with the Parks & Recreation discretionary amount.
- PW Streets should be funded at \$2,700.
- Fire Department's funding should be \$24,600.
- Police Department's funding should be \$24,600.
- The funding for Monteith House should be \$12,400 with 50 percent going to capital and 50 percent toward ongoing expenses such as utilities, tour guides, insurances, etc.
- The Trolley line item should be zeroed out and the funds combined with the Parks & Recreation discretionary amount.
- The Expo Center should receive funding of \$100,000. While the funds would not necessarily be earmarked for a specific purpose, the Committee's desire was that it would go toward infrastructure improvements.
- The specific line item for a sports field/complex should be eliminated and the funding redirected to the Parks & Recreation discretionary amount.
- The Web updates/social media line item that had been discussed previously should be eliminated and the funds distributed back out to AVA, ADA, and AMEDC at \$14,000 for each organization. The Committee expressed a desire to see those dollars spent on social media advertising, an increased digital presence, and improved websites. The Committee agreed that this would be evaluated as part of the metrics.
- Parks & Recreation should receive a discretionary amount of \$231,364, which encompasses the previous allocations specified for NWAAF and the Trolley.

The Committee agreed that the next meeting would focus on how these figures apply to policy and that they would work on a determination for how to handle excess funds or if the revenue were to fall short. Discussion followed related to availability of members to meet again. In order to have a quorum, the group would like to meet on Monday, October 24, 2016. Staff will check on availability of a meeting space and a minute-taker and will send confirmation to the Committee.

Staff updates and issues

None.

BUSINESS FROM THE COMMITTEE

There was no further business.

NEXT MEETING DATE

Monday, October 24, 2016; 3:00-5:00 p.m., Santiam Room

ADJOURNMENT

Hearing no further business, Chair Pierson adjourned the meeting at 5:11 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Holly Roten
Administrative Assistant I

Jorge Salinas
Assistant City Manager/Chief Information Officer
Interim Economic Development Director