

# Council Business Meeting

February 4, 2020

<b>Agenda Item</b>	Transient Occupancy Tax – 2020 Grant Allocation and Committee Formation	
<b>From</b>	Adam Hanks	Assistant City Administrator
<b>Contact</b>	<a href="mailto:Adam.hanks@ashland.or.us">Adam.hanks@ashland.or.us</a> ; (541) 552-2046	

## **SUMMARY**

At its June 4, 2019 Business Meeting, Council approved Resolution 2019-17 which completed the allocation process for Transient Occupancy Tax (TOT) revenues for the 2019-21 biennium. While the resolution provided a complete allocation and appropriation of funds, Council specifically discussed and directed staff to not appropriate the year two (FY20-21) unrestricted TOT funds for the Economic, Cultural, Tourism and Sustainability (ECTS) Grants program of \$150,000. The ECTS Grants program historically utilizes funds from both the restricted (\$80,000) and unrestricted (\$150,000) TOT. Direction from Council is needed to determine the overall funding level for the ECTS Grant process for FY20-21.

Additionally, in non-budget years (mid-cycle), an ad hoc committee needs to be officially formed to review grant applications and provide a recommendation to Council for final approval.

Unrelated to the Grant funding and ad-hoc committee, the Public Arts Commission is interested in requesting the current and historical allocation of three percent of the tourism restricted TOT funds be increased to five percent.

## **POLICIES, PLANS & GOALS SUPPORTED**

### **PREVIOUS COUNCIL ACTION**

Allocation of TOT funds is a routine Council function and was most recently addressed at the June 4, 2019 Business Meeting. Links to that and a series of prior Council meeting packets relating to TOT allocations are provided at the end of this document.

### **BACKGROUND AND ADDITIONAL INFORMATION**

ECTS Funding: Resolution 2019-17 allocated the full historical grant funds of \$230,000 for year one (FY19-20) of the biennium, but only \$80,000 for year two (FY20-21). The remaining unrestricted \$150,000 currently resides within the ending funding balance of the General Fund and requires Council approval through a Supplemental Budget that would come before Council at a future date.

Council has several options that each carry different impacts

- 1) Take no action – Keeps \$150,000 for use in the General Fund but limits the grants program to \$80,000 tourism only applicants with awards subject to expenditure eligibility consistent with ORS.
- 2) Approve appropriation of \$150,000 to ECTS Grant program – Moves \$150,000 from General Fund ending fund balance to the grants program and maintains funding and program eligibility consistent with prior years
- 3) Approve appropriation of a different amount to ECTS Grants program – Moves an amount of Council choosing from General Fund ending fund balance to the grants program and allows some level of funding to non-tourism applicants in addition to the \$80,000 for tourism applicants.

It is typical for total applicant grant requests to be over double the amount available to award. In the most recent grant cycle, a total of 33 applicants request a total of \$562,070. Most applicants submit applications with requests for funds in multiple categories. Any reductions in the unrestricted funds would more significantly impact applicants that have little or no activities that meet the ORS tourism eligibility criteria.

### **Grants Review Ad-Hoc Committee**

The formation of an Ad-Hoc committee to review and make recommendations on grant awards is a necessary function in the “off year” of the budget due to the fact that the Citizen’s Budget Committee is not legally active between the completion of one budget and the presentation of the subsequent budget. The make-up and operations of the ad-hoc committee in the off year” is identical to that of the sub-committee of the Citizen’s Budget Committee that is formed during the “on year” of the budget cycle.

**Public Arts Allocation Request**

The Public Arts Commission has submitted a summary of their request that is contained within this agenda packet and would like the Council to consider an increase in funding for Public Art from the current 3% to 5%. This would assist in maintaining the installation schedule for the “Marking Ashland Places” project being done in conjunction with the Historic Commission and would also allow for funds to be built up over time for an additional larger installation in the future.

**FISCAL IMPACTS**

Appropriation of unrestricted TOT funds reduces the ending fund balance of the General Fund. The ECTS Grant program is intended to be a reinvestment of TOT revenues into the community with an intended return on investment in the form of additional TOT revenues, economic, cultural and sustainability enhancement of the community and other non-tangible contributions.

An increase of funding allocation for Public Art would reduce the tourism restricted TOT allocation to one of the existing funding categories detailed in Resolution 2019-17. A reduction in the “Other Tourism Eligible City Capital” would be the least impactful in terms of existing funding commitments.

**STAFF RECOMMENDATION**

Staff recommends Council make a determination on the appropriate funding level for the ECTS Grants at its earliest opportunity so staff is able to communicate with existing and potential applicants if there are any changes in funding levels or eligibility.

**ACTIONS, OPTIONS & POTENTIAL MOTIONS**

1) I move to direct staff to appropriate \$150,000 to the ECTS Grants program from the Ending Fund Balance of the General Fund.

OR

2) I move to limit the funding of the ECTS Grans program to \$80,000 of tourism restricted funds and direct staff to modify the grants program to ensure legal compliance with the award of those funds.

AND

3) I move to recommend that Mayor Stromberg forms an Ad-Hoc Grants Review Committee comprised of interested Citizen’s Budget Committee members to review applications and presentations and forward an award recommendation to Council.

Separate Optional Motion

4) I move to direct staff to develop a draft resolution increasing the level of funding for Public Art from three percent to five percent.

**REFERENCES & ATTACHMENTS**

Attachment 1: Resolution 2019-17

Attachment 2: Request Memo from Public Arts Commission

[June 4, 2019 Council Packet Materials](#)

[April 16, 2019 Council Packet Materials](#)

[April 2, 2019 Council Packet Materials](#)

[March 19, 2019 Council Packet Materials](#)

[June 18, 2018 Council Packet Materials](#)

[April 3, 2018 Council Packet Materials](#)

**Tourism Allocation**

Tourism restricted funds will be allocated as follows:

<b>Tourism Restricted TOT Allocation</b>	<b>% of Tourism</b>	<b>2019-2020</b>	<b>2020-2021</b>
<b>TOTAL Tourism TOT</b>		<b>949,884</b>	<b>949,884</b>
Long Term Parking Supply (70% of 1% increase in 2018)		245,727	245,727
<b>Remaining Tourism TOT</b>		<b>704,157</b>	<b>704,157</b>
Visitor & Convention Bureau – Chamber of Commerce	47%	446,338	446,338
Oregon Shakespeare Festival – (13.5%)	Fixed	110,000	110,000
City Economic, Cultural, and Sustainability Grants	10%	80,000	80,000
Public Art	3%	21,125	21,125
Other City Tourism eligible Capital Projects	Remainder	46,694	46,694
<b>TOTAL RESTRICTED TOT ALLOCATION</b>		<b>\$949,884</b>	<b>\$949,884</b>

If actual tourism specific TOT revenue collections exceed the above allocations or if actual, qualifying expenditures in the year are less than the appropriated amount, the additional or unused amount(s) will be reserved for qualifying future Tourism related expenditures as determined by Council.

**Non Tourism Allocation**

The remaining estimated TOT revenue allocated for general government operations will be 100 percent appropriated through the budget process. Unrestricted TOT revenue unspent in a budget year becomes part of the General Fund unrestricted ending fund balance unless otherwise determined by City Council.

<b>Unrestricted TOT Allocation</b>	<b>2019-2020</b>	<b>2020-2021</b>
<b>TOTALS</b>	<b>\$2,133,571</b>	<b>\$2,133,571</b>

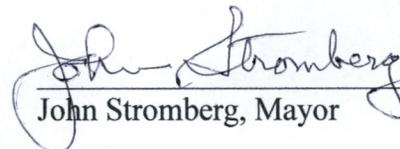
SECTION 2. Resolution 2019-03 is repealed upon passage of this resolution.

SECTION 3. This resolution was duly PASSED and ADOPTED this 4th, day of June, 2019 and takes effect upon signing by the Mayor.



Melissa Huhtala, City Recorder

SIGNED and APPROVED this 5th day of June, 2019.



John Stromberg, Mayor

Reviewed as to form:



David Lohman, City Attorney

# Memo

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TO: City Council  
FROM: Sandy Friend, Chair, Ashland Public Arts Commission  
DATE: January 28, 2020  
RE: Public Art Funding Request

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The Public Arts Commission Strategic Plan calls for completing the multiple phases of the *Marking Ashland Places* project over the next several years as well as commissioning new artwork of the caliber of Threshold and Velocity. Understanding that all costs for these projects must be covered within the PAC budget, the Commission plans to submit a request to Council to increase the percentage of TOT funding from our current annual allocation of 3% to 5%.

