

# Council Business Meeting

May 5, 2020

<b>Agenda Item</b>	Discussion of Economic, Cultural, Tourism and Sustainability Grants	
<b>From</b>	Adam Hanks	Interim City Administrator
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## **SUMMARY**

Given the significant projected revenue shortfalls associated with the local impacts from the COVID-19 crisis, Councilor Rosenthal requested that the funding allocation methodology and allocation of funds associated with the Economic, Cultural, Tourism and Sustainability (ECTS) Grants program be reviewed and discussed by Council.

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

### **PREVIOUS COUNCIL ACTION**

Councilor Rosenthal requested this item to be placed on the April 21, 2020 meeting agenda. Due to time constraints, the item was briefly discussed then agreed upon to be continued as unfinished business for the May 5, 2020 Business Meeting.

At its February 4, 2020 Business Meeting, Council confirmed its prior decision to allocate \$150,000 of unrestricted general fund Transient Occupancy Tax (TOT) revenue to the ECTS Small grants program.

Previous Council actions relating to funding and allocation of TOT revenues to the ECTS small grants program and other related allocations are provided as links at the end of this report

## **BACKGROUND AND ADDITIONAL INFORMATION**

General background for the ECTS grants, funding sources and allocation of funds can be found in the reference links at the end of this document. The most pertinent information relating to this agenda item includes the following:

- Allocation of TOT funds is based on anticipated revenue estimates done within the biennial budget process. The current COVID-19 crisis has drastically altered the revenue projections that were originally established in the biennial budget. The estimated reduction of revenue of approximately \$3 million represents a fifty percent reduction in TOT revenues for the two-year budget period.
- The allocation of TOT funds has two components: \$80,000 of restricted funds that have specific Oregon Revised Statute qualifying uses relating to tourism and \$150,000 of unrestricted funds that reside within the City's General Fund.
- The ECTS Grant application process is currently open, with the application date extended due to the COVID-19 crisis. Applicants have had to modify their applications with the changing circumstances as many funding requests have been and will likely continue to be impacted by Governor Brown's Executive Orders limiting a variety of events, gatherings and activities. Additionally, the delayed opening of the Oregon Shakespeare Festival has an impact on the number of visitors to Ashland that would likely be customers/participants in many of the events and activities funded in part by the ECTS Grant program.
- Grant Awards are funded in July of each year following the recommendations from the Grants Ad-hoc committee, final approval by Council, completion of contract and insurance verification requirements.

## **FISCAL IMPACTS**

Staff will be able to respond to questions from Council on the financial impacts of suggested alternative uses for the funds.

### **STAFF RECOMMENDATION**

Because the grant application process is currently open and applicants may be unaware of pending changes to the funding availability, staff recommends that Council provide direction at this meeting so that any changes in funding or eligibility can be communicated quickly to applicants

### **ACTIONS, OPTIONS & POTENTIAL MOTIONS**

### **REFERENCES & ATTACHMENTS**

Attachment 1: Resolution 2019-17

[2019-20 Grant Award Summary](#)

[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](#)

**RESOLUTION NO. 2019-17**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ASHLAND  
 ALLOCATING ANTICIPATED TRANSIENT OCCUPANCY TAX  
 TOURISM RESTRICTED REVENUES FOR THE BIENNIUM 2019-2021  
 BUDGET AND REPEALING RESOLUTION 2019-03.**

**RECITALS:**

- A. That the City of Ashland collects a Transient Occupancy Tax (TOT) pursuant to Ashland Municipal Code 4.24. Revenues from the Transient Occupancy Tax are used to fund general governmental expenses, economic development, tourism promotion and related infrastructure and the City's Economic, Cultural, and Sustainability Grant program.
- B. The City of Ashland has determined that as of July 1, 2003, \$186,657 or 14.23 percent of the City of Ashland's total Hotel/Motel tax revenues were expended on tourism promotion, as defined in ORS 320.350.
- C. ORS 320.350 requires 70 percent of any increased TOT revenue generated by tax rate increases after 2003 be committed to tourism promotion.
- D. Appropriations for tourism promotion are based upon the following percentages established in FY 2009-10 when the rate was increased from 7 percent – 9 percent:
- A minimum of 14.23 percent of the estimated TOT revenue generated by the original 7 percent tax rate for tourism promotion per ORS 320.350 and,
  - A minimum of 70 percent of the estimated TOT revenue generated by additional tax rates approved by Council on June 3, 2008 consistent with ORS 320.350.
- E. Appropriations for the Tax Rate increase of one percent on August 1, 2018 are based on projected collections and allocated as follows:
- 70 percent of the estimated TOT revenue generated by the additional 1 percent tax rate for long term parking supply pursuant to ORS 320.350 and,
  - 30 percent of the estimated TOT revenue generated by additional 1 percent tax rate for General Government Operations.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

**SECTION 1.**

For the Biennium 2019-2021, the City of Ashland expects to budget an estimated **\$6,552,738** for Transient Occupancy Tax collections. The annual allocation between tourism and general governmental operations is as follows:

TOT Anticipated Revenues	% of Total	FY 2019-20	FY 2020-21
Tourism Restricted (ORS 818)	29%	949,884	949,884
General Government Operations	71%	2,326,485	2,326,485
<b>TOTALS</b>	<b>100%</b>	<b>\$3,276,369</b>	<b>\$3,276,369</b>



**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.

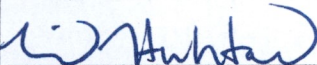
**Non Tourism Allocation**

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>

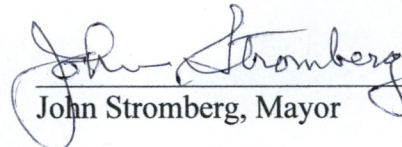
SECTION 2. Resolution 2019-03 is repealed upon passage of this resolution.

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



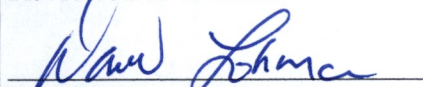
Melissa Huhtala, City Recorder

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



John Stromberg, Mayor

Reviewed as to form:



David Lohman, City Attorney