

Council Business Meeting

May 19, 2020

| | | |
|--------------------|--|----------------------------|
| Agenda Item | Resolution Modifying Economic, Cultural, Tourism and Sustainability Grants | |
| From | Adam Hanks | Interim City Administrator |
| Contact | adam@ashland.or.us (541) 488-6002 | |

SUMMARY

Consistent with Council direction, the attached draft resolution provides eligibility and approval criteria for a Tourism only grant program and eliminates the eligibility and approval criteria for economic development, cultural development and sustainability components of the program.

The draft resolution additionally modifies the existing criteria for selection to focus on events/activities in the summer and fall of 2020, consistent with Council's direction to maximize the utility of these funds for local economic recovery.

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.

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 at the May 5, 2020 Business Meeting. That discussion resulted in Council direction to staff to develop a grant program that limited the eligible activities to the Tourism sector only. The draft resolution removes the eligibility and criteria for the Economic, Cultural and Sustainability components of the existing grant program. In doing so, the \$150,000 in unrestricted TOT revenues are no longer committed to this small grants program and can be utilized for other purposes.

In an associated resolution, Council has the ability to determine the level of funding from the restricted Transient Occupancy Tax (TOT) revenues to utilize for the proposed Tourism only small grants program.

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 historically had two funding 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.
- Grant Awards are typically 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. The review, recommendation and selection process can be modified by Council as desired.

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

Staff has no specific recommendation on this item, but will need direction on the desired timing and process to be utilized to complete the grant process.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

- 1) I move to approve Resolution 2020-06 as presented
- 2) I move to approve Resolution 2020-06 with the following modifications....
- 3) I move to direct staff to bring back a resolution for Council review at a future meeting with the following alterations

REFERENCES & ATTACHMENTS

Attachment 1: Resolution 2019-17

Attachment 2: Resolution 2020-06

[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 |
| TOTALS | 100% | \$3,276,369 | \$3,276,369 |

Tourism Allocation

Tourism restricted funds will be allocated as follows:

| Tourism Restricted TOT Allocation | % of Tourism | 2019-2020 | 2020-2021 |
|---|---------------------|------------------|------------------|
| TOTAL Tourism TOT | | 949,884 | 949,884 |
| Long Term Parking Supply (70% of 1% increase in 2018) | | 245,727 | 245,727 |
| Remaining Tourism TOT | | 704,157 | 704,157 |
| 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 |
| | | | |
| TOTAL RESTRICTED TOT ALLOCATION | | \$949,884 | \$949,884 |

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.

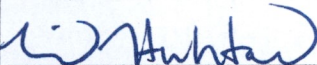
Non Tourism Allocation

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.

| Unrestricted TOT Allocation | 2019-2020 | 2020-2021 |
|------------------------------------|--------------------|--------------------|
| TOTALS | \$2,133,571 | \$2,133,571 |

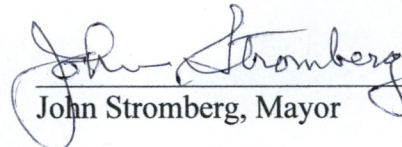
SECTION 2. Resolution 2019-03 is repealed upon passage of this resolution.

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



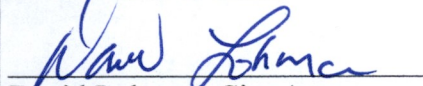
Melissa Huhtala, City Recorder

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



John Stromberg, Mayor

Reviewed as to form:



David Lohman, City Attorney

1 **RESOLUTION NO. 2020-06**

2 **A RESOLUTION AMENDING THE GOALS, CRITERIA, AND REQUIREMENTS FOR**
3 **THE ECONOMIC DEVELOPMENT, CULTURAL, TOURISM AND SUSTAINABILITY**
4 **GRANT PROGRAM**

4 **RECITALS:**

5 A. The City of Ashland recognizes the impacts to the source of monies that fund the Economic,
6 Cultural, Tourism and Sustainability Grants and has surmised the financial impacts to all funding
7 categories listed is projected to be lower then antitipated. These impacts are due to the COVID-
8 19 pandemic and the effects it has to the local economy.

9 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ASHLAND, OREGON,**
10 **RESOLVES AS FOLLOWS:**

11 SECTION 1. With such impacts as noted above the City of Ashland will not be funding grants in
12 the category of Economic Development, Cultural or Sustainability for the 2020-21 grant cycle.

13 SECTION 2. The City will be funding on a limited basis grants in the category of tourism at a
14 total amount of \$80,000. These funds are in support of future activities and events that will
15 likely take place starting in the Summer/Fall of 2020 and into 2021. Organizations will be asked
16 to reapply for these funds in a modified application as designed by staff, even if they applied in
17 the previous Grant Cycle for 2020-21. Grants applicants applying for tourism funds will be
18 awarded funds based on the following tourism promotion criteria by a previously created grant
19 committee:

- 18 1. Likelihood that the proposed activity or event will increase hotel/motel occupancy or
19 increase local restaurant and retail business sales.
- 19 2. Likelihood that the proposed activity will increase the total number of jobs in tourism,
20 hotels, restaurants, and retail businesses in Ashland.
- 21 3. Likelihood that the proposed activity will increase restaurant/retail business in Ashland
- 22 4. Likelihood that the proposed activity will create or support a new non-traditional tourism
23 related event.

23 SECTION 3. As with the normal Grant application process the following requirements will still
24 apply:

- 25 1. Grantee shall be registered as a 501(c) non-profit*
 - 26 a. If an organization is being sponsored by or legally affiliated with a registered non-
27 profit, a letter from that organizations Board of Directors recognizing the
28 affiliation and a copy of the 501 (c) verification of the sponsoring non-profit
- 28 2. Grantee shall be a non-government entity.
- 29 3. Grant award shall be utilized consistent with the associated applicant proposal and shall
30 be primarily oriented to the grantee's Ashland activities and programs. Grant funds may
also be utilized for a proportionate share of Grantee's administrative expenses associated
with the Ashland activities and programs proposed.
4. Grantees must submit the application to the City prior to the deadline, which is
established each year by the City's Administrative Service Department. **Absolutely no**

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late applications will be accepted. The City is aware that sometimes “life” intervenes, therefore, applicants are advised to have a backup plan to ensure that the application is not late.

- 5. Incomplete applications (see application cover page) will not be forwarded to the grant review committee for consideration
- 6. Materials submitted beyond those required and listed on the application cover page and application form will not be forwarded to the grant review committee as part of the application packet.

And the following Grant application requirements will be modified for the 2020-21 process:

- 1. Minimum grant award will be **\$1,000** per grant application.
- 2. An applicant will only be able to apply for grant funds in the tourism category.

SECTION 4. Grant reporting as defined in 2012 Grant Policy will still apply.

SECTION 5. This resolution is effective upon adoption.

ADOPTED by the City Council this _____ day of _____, 2020.

ATTEST:

Melissa Huhtala, City Recorder

SIGNED and APPROVED this _____ day of _____, 2020.

John Stromberg, Mayor

Reviewed as to form:

David H. Lohman, City Attorney