

Council Business Meeting

June 21, 2022

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|--------------------|---|---------------------|
| Agenda Item | Council Review and Approval to Allocate \$80,000 in Tourism Grants to Non-Profits as Determined by Grants Review Subcommittee | |
| From | Sabrina Cotta | Deputy City Manager |
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SUMMARY

On March 2, 2021 a Resolution 2021-03 was approved by City Council due to the decrease of Transient Occupancy Tax (TOT) revenues in light of the COVID-19 pandemic. This resolution removed from funding the previous allocated funds for Economic Development, Cultural and Sustainability parts of these Grants, leaving funding in the Tourism Category only. Per an email announcement made to the Citizens' Budget Committee a subcommittee of willing Citizens' Budget Committee Members was convened for the 2022-23 Tourism Grants process and to make a recommendation of allocations of these funds to the to the Ashland City Council. This Subcommittee meet on May 25, 2022.

POLICIES, PLANS & GOALS SUPPORTED

Council Goal #3 – Support and empower our community partners

Council Goal #15 – Seek opportunities to diversify the economy in coordination with the Economic Development Strategy

PREVIOUS COUNCIL ACTION

On March 2, 2021 a resolution of TOT funds, Resolution 2021-3 was approved by City Council due to the decrease of Transient Occupancy Tax (TOT) revenues. This resolution removed from funding the previous allocated funds for Economic Development, Cultural and Sustainability parts of these Grants, leaving funding in the Tourism Category only. The remaining amount allocated for tourism grants was revised to a total of \$80,000.

BACKGROUND AND ADDITIONAL INFORMATION

The City of Ashland collects a Transient Occupancy Tax (TOT), from people who stay in overnight lodging within the City limits. Over half (58%) of those funds are typically reserved for the City's General Fund and are used to support Police, Fire, Community Development, and Municipal Court. Slightly more than a quarter (26.67%) of those funds are typically used to support the tourism industry. The tourist funds are either allocated directly to groups that market Ashland to tourists or are spent on capital facilities that enhance the tourism experience within the community. The remaining funds are typically dedicated to the City's annual grant program. The amounts that go to each of these programs are allocated prior to the beginning of each biennium by Council.

In late April of 2020 Council began a discussion about the reduction or modification of funding to the ECTS grants due to the previous mentioned reduction in TOT Revenues. The discussed focus of any remaining funding was on Tourism per ORS 320.300. Staff were directed to return to Council a modified resolution that outlined what the ECTS program would look like if the program was based on tourism only. As directed a modified resolution and information was presented to Council in resolution 20-165 on March 3, 2020. This resolution provided an outline of

the new Tourism Grant Only program details as previously discussed by Council. Council adopted this resolution at this meeting.

As it is originally done these amounts were adopted by Council in Resolution 2019-17 on June 5, 2019. As is the goal, The City of Ashland was focused on reinvesting a portion of the funds generated by the TOT in community nonprofits through an annual grant program. In this original adoption, \$230,000 is allocated to the ECTS grant program. However due to reduced TOT funds in light of the COVID-19 pandemic a modified in Resolution 2020-07 was adopted on May 19, 2020, \$80,000 is allocated to the tourism grant program for 2020-21. This further confirmed the removal of funding in the amount of \$150,000 to the Economic, Cultural, Suitability portions of the original ECTS grant program.

Through these grants, the City is purchasing specific services from non-profits that it might otherwise provide directly. The grant program typically has four basic goals, but based on the adopted modified resolution, it was only based on:

Tourism. As a long standing pillar of Ashland’s economy, tourism programs support programs, activities and events that act similarly to more traditional traded sector activity in that dollars from outside the community are brought in and circulated locally to the benefit of our local businesses.

Those who previously applied, as well as others interested were notified of updates to the process as outlined in resolution. Once received and reviewed these applications were forwarded to the Tourism Grants Review Ad Hoc Committee. Additional confirmation of committee member appointments was confirmed in Council Communication on August 4, 2020.

At its May 25, 2022, meeting the Tourism Grants Subcommittee met to discuss and recommend the attached allocations for approval by City Council.

FISCAL IMPACTS

Funding for the grants come from the City’s collection of Transient Occupancy Tax, with a portion coming from tourism restricted funds (\$80,000).

STAFF RECOMMENDATION

Staff recommends approval of the resolutions associated and consistent with the recommendations made.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

REFERENCES & ATTACHMENTS

“I move to adopt the recommend allocations made by the 2021-22 Tourism Subcommittee and approved by the Citizens’ Budget Committee with \$80,000 being allocated to tourism, as listed in attachment.”

Attachment 1: Resolution 2021-03

Attachment 2: Tourism Grants Subcommittee Recommendations

RESOLUTION NO. 2021-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ASHLAND ALLOCATING ANTICIPATED TRANSIENT OCCUPANCY TAX TOURISM RESTRICTED REVENUES FOR THE BIENNIUM 2021-2023 BUDGET.

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 2021-2023, the City of Ashland expects to budget an estimated \$2,552,222 for Transient Occupancy Tax collections. The annual allocation between tourism and general governmental operations is as follows:

Table with 4 columns: TOT Anticipated Revenues, % of Total, FY 2021-22, FY 2022-23. Rows include Tourism Restricted (ORS 818), General Government Operations, and TOTALS.

Tourism Allocation

Tourism restricted funds will be allocated as follows:

| Tourism Restricted TOT Allocation | % of Tourism | 2021-2022 | 2022-2023 |
|--|---------------------|------------------|------------------|
| TOTAL Tourism TOT | | 388,750 | 466,500 |
| Uncommitted Long-Term Parking Allocation | | 212,026 | 143,163 |
| Available Tourism TOT | | \$600,775 | \$609,663 |
| Visitor & Convention Bureau – Chamber of Commerce | FY2020 base | 446,338 | 446,338 |
| Oregon Shakespeare Festival – (13.5%) | Fixed | 55,000 | 60,000 |
| City Economic, Cultural, and Sustainability Grants | | 80,000 | 80,000 |
| Public Art | 5% | 19,437 | 23,325 |
| Other City Tourism eligible Capital Projects | | 0 | 0 |
| TOTAL RESTRICTED TOT ALLOCATION | | \$600,775 | \$609,663 |

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 | \$771,351 | \$925,621 |

SECTION 2. This resolution was duly PASSED and ADOPTED this 16th, day of March, 2021 and takes effect upon signing by the Mayor.


Melissa Huhtala, City Recorder

SIGNED and APPROVED this 2nd day of March, 2021.


Julie Akins, Mayor

Reviewed as to form:


David Lohman, City Attorney

2022-23 Proposed Tourism Proposed Grant Allocations

| ORGANIZATION | PROPOSED TOTAL TOURISM ALLOCATION |
|--|---|
| Schneider Museum of Art, Southern Oregon University Foundation | \$ 5,000 |
| Ashland Gallery Association | \$ 13,333 |
| Mt. Ashland Association | \$ 10,333 |
| Ashland New Plays Festival | \$ 5,000 |
| Ashland's Bed & Breakfast Network | \$ 7,000 |
| SOPride, Inc | \$ 5,000 |
| Legacy Earthkeepers Academy of Permaculture | \$ - |
| Multicultural Association of Southern Oregon | \$ - |
| Klamath Bird Observatory | \$ - |
| Ashland Folk Collective | \$ 5,000 |
| Southern Oregon Film Society (DBA Ashland Independent Film Festival) | \$ 8,000 |
| ScienceWorks Hands-On Museum | \$ 16,334 |
| Ballet Folkorico Ritmo Alegre | \$ 5,000 |
| TOTAL | \$ 80,000 |