

Council Communication

September 16, 2014, Business Meeting

Recommendation from the ad hoc Downtown Improvement and Beautification Committee for the use of TOT funds for “other City projects that qualify”

FROM:

Ann Seltzer, management analyst, seltzera@ashland.or.us

SUMMARY

In March 2014, the City Council appointed the ad hoc Downtown Improvement and Beautification Committee. The charge of the committee was to develop a plan, for City Council approval, regarding the use of transient occupancy tax (TOT) funds that have been budgeted for “other City projects that qualify,” with an emphasis on projects in the downtown. The committee was asked to recommend projects to be completed in the current budget cycle and the subsequent biennium. Pending approval of the committee recommendation by the City Council, staff will begin implementation of the recommended projects in July 2015, which are: historical markers, downtown sidewalk repair, tree wells, replacement of downtown pedestrian lights to accommodate hanging flower basket and allocation of funds for unidentified beautification projects.

BACKGROUND AND POLICY IMPLICATIONS:

Resolution 2013-05 allocates a percentage of the tourism portion of revenues from the TOT funds to be used for “other city capital projects.” The City Council in March formed the ad hoc Downtown Improvement and Beautification Committee to prioritize potential projects that qualify for the use of those funds and to develop a timeline for implementation of the projects through the end of the 2017 fiscal year.

The nine member committee has met ten times since March of 2014. Each agenda allocated 10 to 15 minutes of public input at the beginning of the meeting. The committee reviewed more than twenty projects. Some had been previously identified, some were brought to the committee for consideration by citizens and others were identified during the course of the committee work.

On September 2, 2014, the City Council approved the committee recommendation of projects to be completed by June 2015.

The attached recommendation identifies projects to be funded with TOT revenues in the 2015-2017 budget cycle.

FISCAL IMPLICATIONS:

Implementation of the proposed projects will use funds generated from the transient occupancy tax and allocated for “other City projects that qualify” during the budget cycle of July 2015 through June 2017.



STAFF RECOMMENDATION AND REQUESTED ACTION:

Staff recommends approving the recommendation.

SUGGESTED MOTIONS:

I move to approve the recommendation of the Downtown Beautification Improvement ad hoc Committee and direct staff to implement the projects, subject to approval of appropriate budget cycle authority in that for projects to be undertaken in the 2015-17 budget cycle.

ATTACHMENTS:

- Recommendation from the Downtown Beautification Improvement ad hoc Committee.
- Resolution 2013-05 Allocating Anticipated Revenues from the Transient Occupancy Tax



September 16, 2014
Mayor and City Council

DRAFT

Downtown Beautification Improvement ad hoc Committee
Recommendations on the use of the transient occupancy tax revenues for city projects
for FY15-17

We are pleased to present to the City Council our recommendations for the use of the TOT funds from July 2015 through June 2017. Staff has advised the committee that the City anticipates approximately \$130,000 in TOT revenues available for the following projects.

Projects

Historical Markers

The Historic Commission has identified 15 historic locations where markers would be appropriate. The commission has applied for a grant for markers. *Committee Rationale:* The committee believes that this project will be of interest to both visitors and citizens and voted to allocate \$11,000 towards this project to supplement potential grant funds.

Downtown sidewalk repair

Many of the downtown sidewalks are in need of repair and pose tripping hazards. *Committee Rationale:* While sidewalk repair is the responsibility of property owners there are two considerations: most downtown businesses are not the property owners and don't have the funds to make sidewalk repairs and if the property owner were to spend the money to repair the sidewalk the costs would be passed on to the business tenant. The committee voted to allocate \$11,000 toward this project to address the most egregious problems. Staff has reported the cost of replacing a four-square section of sidewalk is about \$1,000 and the cost to grind a small section is \$125. The committee also recognizes that the Downtown Transportation Committee may eventually recommend more extensive sidewalk improvements in the downtown.

Tree wells

Many of the tree wells have become tripping hazards, either because of tree roots or broken and loose bricks. This project involves the use of permeable aggregate epoxy applied to the tree well to fill the uneven surface. *Committee Rationale:* The committee understands the Downtown Transportation Committee may eventually have a recommendation for downtown sidewalks and trees but felt that the potential tripping hazards caused by uneven tree wells needs to be addressed now. The committee voted to allocate \$10,000 for this project.

Replacement of downtown pedestrian lights to accommodate hanging baskets of flowers

This project calls for the replacement of the existing pedestrian lights which have been in place for several decades. They have become somewhat problematic to maintain and they are too short to accommodate hanging baskets. *Committee Rationale:* The committee understands that this is a significant project and cannot be accomplished within a single budget cycle, but feels that gradually replacing ten or fifteen lights each cycle is a good start to getting a uniformed look downtown and hanging baskets of flowers will add color to the downtown blocks. The new lights will accommodate



hanging baskets of flowers, irrigation lines and accommodate holiday decorations. The committee voted to allocate \$49,000 towards this project. *Staff note:* It is unlikely irrigation will be available for the flowers until some future date when the entire downtown irrigation system can be updated. Staff will research the availability and cost of hiring a water truck to hand water the flowers. Staff also recommends installing LED lights because of the energy savings however that means that the downtown lights will be a combination of LED and HPS (high pressure sodium) lights for a few years until all the lights are replaced.

Unidentified Beautification Projects

It is likely that improvement projects that have not yet been identified will surface during the next biennium. *Committee Rationale:* The committee felt it important that the City Council have funds available for unanticipated projects that may arise during the budget cycle and qualify for the use of TOT funds. The committee voted to allocate \$25,000 for this purpose.

Other

The committee does not feel that public restrooms or recycling are within our purview. However, we did hear from members of the public that these two issues are a concern. We encourage the City Council to consider addressing these items in the near future.

Process

As noted in our recommendation presented to the City Council on September 2, our committee has met ten times since March 2014. Each agenda included 10 to 15 minutes of public input at the beginning of the meeting.

The committee reviewed more than twenty projects; some had been previously identified, some were brought to the committee for consideration by citizens and others were identified during the course of the committee work. One meeting was spent touring the downtown core and looking at possible projects with “fresh eyes”.

Next Steps

We held our final meeting on August 28 and believe we have completed our original charge from the City Council to develop a plan for the expenditure of TOT funds that qualify for “other city project”.

Downtown Beautification Improvement Committee Members:

Kerry Kencairn
Brent Thompson
Sandy Friend
Melissa Jensen
Lisa Beam
Pam Hammond
Michael Dawkins
LouAnn David
Steffani Seffinger

Staff Liaisons: Ann Seltzer, Dave Kanner
Council Liaison: Greg Lemhouse



RESOLUTION NO. 2013-05

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ASHLAND
ALLOCATING ANTICIPATED REVENUES FROM THE TRANSIENT
OCCUPANCY TAX FOR THE BIENNIUM 2013-2015 BUDGET AND
REPEALING RESOLUTION 2012-04.**

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. That the City of Ashland collects a Transient Occupancy Tax, as outlined in the Ashland Municipal Code 4.24. Revenues from the Transient Occupancy Tax are used to fund General Governmental expenses, economic development, tourism promotion and the City's Economic, Cultural, and Sustainability Grant program.

SECTION 2. The City of Ashland has adopted policies for the grant program. Through the grant program, the City is purchasing services from non-profits that it might otherwise provide directly. The grant program has three basic goals:

- Economic Development. The grant program will support the creation, retention, and expansion of businesses and other ventures that enrich our community by creating goods and services that provide employment opportunities while maintaining and enhancing the overall quality of life.
- Cultural Development. The grant program will support increased diversity and accessibility of the creative arts and cultural opportunities in Ashland for citizens and visitors both to support the visitor economy and to enrich the quality of life in the community.
- Sustainability. The grant program will support efforts to ensure Ashland is environmentally, economically and socially resilient as a community.

SECTION 3.

The City of Ashland has determined that as of July 1, 2003, \$186,657 or 14.23% of total Hotel/Motel tax revenues were expended on tourism promotion, as defined in Chapter 818 of the 2003 Oregon Laws, and will continue to be spent on tourism promotion increased or decreased annually consistent with the estimated TOT revenues budgeted. Additionally, Chapter 818 requires 70% of any increased TOT revenue generated by a higher tax rate is committed to tourism promotion.

Appropriations for tourism are based upon the following percentages established in FY 2009-10 when the rate was increased from 7%-9%:

1. A minimum of 14.23% of the estimated TOT revenue to be generated by the first 7% tax rate for tourism promotion per Chapter 818,
2. A minimum of 70% of the estimated TOT revenue to be generated by additional tax rates approved by Council on June 3, 2008 for tourism promotion per Chapter 818.

For the Biennium 2013-2015, the City of Ashland expects to budget \$2,071,100 in 2013-2014

and \$2,143,900 in 2014-2015 in total Transient Occupancy Tax. Those funds are split between tourism and non tourism uses as follows:

	2013-2014	2014-2015
Tourism (26.67% of total):	\$ 552,362	\$ 571,778
Non Tourism (73.33% of total):	\$1,518,738	\$1,572,122

Tourism Portion

	2013-2014	2014-2015
Chamber of Commerce VCB – estimated as 56% of Tourism funds	\$309,323	\$320,196
Oregon Shakespeare Festival – \$110,000 of Tourism funds, estimated as 19.9% in 2013-2014 and 19.2% in 2014-2015	\$110,000	\$110,000
City Economic, Cultural, and Sustainability Grant program – estimated as 10% of Tourism funds	\$55,236	\$57,178
Public Art – 3% of Tourism funds, estimated	\$16,571	\$17,153
Other City Capital Projects that qualify or Grants - the balance of Tourism funds , estimated as 11.1% and 11.8%	\$61,232	\$67,251

If the actual TOT revenue, dedicated for Tourism, is in excess of 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 future Tourism related projects or Capital Improvements that qualify per the state definition as determined by Council.

Non Tourism Portion

The remaining estimated TOT revenue (not restricted by use) will be appropriated for other uses through the budget process with the following priorities and dollar amounts as minimums unless insufficient tax proceeds remain after meeting tourism requirements:

		2013-2014	2014-2015
1st Priority	General Fund operations – 80% of Unrestricted funds, estimated	\$1,214,990	\$1,257,697
2nd Priority	City Economic Development program - 10% of Unrestricted funds, estimated	\$151,874	\$157,212
3rd Priority	City Economic, Cultural, and Sustainability Grant program, the balance, estimated	\$151,874	\$157,212

Economic Development programs or other projects are City activities unless otherwise specified by Council prior to the budget process. Council may determine that such funds are available for granting purposes and they will then be made available for the coming budget process and allocation.

If insufficient TOT revenues are generated for the above allocations, the highest priority uses will receive their full allocation before a lower priority allocation. Unrestricted TOT revenue unspent in a budget year becomes part of the General Fund unrestricted ending fund balance unless otherwise determined by City Council.

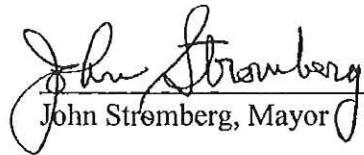
SECTION 4. Resolution 2012-04 is repealed upon passage of this resolution.

SECTION 5. This resolution was duly PASSED and ADOPTED this 5, day of March, 2013 and takes effect upon signing by the Mayor.

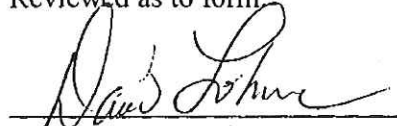


Barbara Christensen, City Recorder

SIGNED and APPROVED this 5 day of March, 2013.


John Strömberg, Mayor

Reviewed as to form:


David Lohman, City Attorney