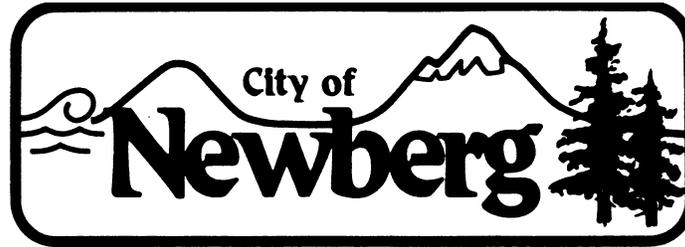


City Manager
(503) 537-1207

City Attorney
(503) 537-1206



414 East First St.
PO Box 970
Newberg, OR 97132

**CITY OF NEWBERG
CITY COUNCIL WORK SESSION
MARCH 1, 2010
6:00 P.M.
NEWBERG PUBLIC SAFETY BUILDING
401 EAST THIRD STREET**

THE CITY COUNCIL OF THE CITY OF NEWBERG WILL HOLD A WORK SESSION TO REVIEW THE COUNCIL AGENDA ITEMS AND TO HEAR REPORTS FROM BOARDS, COMMISSIONS, AND COMMITTEES. NO ACTION WILL BE TAKEN ON THE AGENDA ITEMS.

DISCUSSION ON VISITOR CENTER CONTRACT.

DATED THIS 18TH DAY OF MARCH, 2010.

DANIEL DANICIC
CITY MANAGER

ACCOMMODATION OF PHYSICAL IMPAIRMENTS:

In order to accommodate persons with physical impairments, please notify the City Recorder's Office of any special physical accommodations you may need as far in advance of the meeting soon as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact the city recorder, at (503) 537-1283. For TTY service please call (503) 554-7793.

● City Manager's Office: e-mail: dan.danicic@newbergoregon.gov Fax: 537-5013 ●
Admin: 537-1261 ● Building: 537-1240 ● Public Works: 537-1273 ● Finance: 538-9421 ● Fire: 537-1230
Library: 538-7323 ● Municipal Court: 537-1203 ● Police: 538-8321 ● Maintenance: 537-1234 ● Utilities: 537-1205
Municipal Court Fax: 538-5393 ● Public Works Fax: 537-1277 ● Library Fax: 538-9720

"Working Together For A Better Community-Serious About Service"

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Date: February 18, 2010

To: Mayor Andrews and Newberg City Council

From: Daniel Danicic, City Manager

Re: Visitor Center Funding

Purpose:

The City of Newberg's Visitor's Center operated and managed by the Chehalem Valley Chamber of Commerce. Funding for the Center is provided by the City through a combination of Transient Room Tax (TRT) and business license revenue. The Chamber desires an increased and stable source of funding by establishing through Ordinance a specific dedicate percentage of TRT revenue to be allocated to the Visitor Center. Representatives from the Chamber will be on hand to discuss this proposal.

Visitor Information Center History:

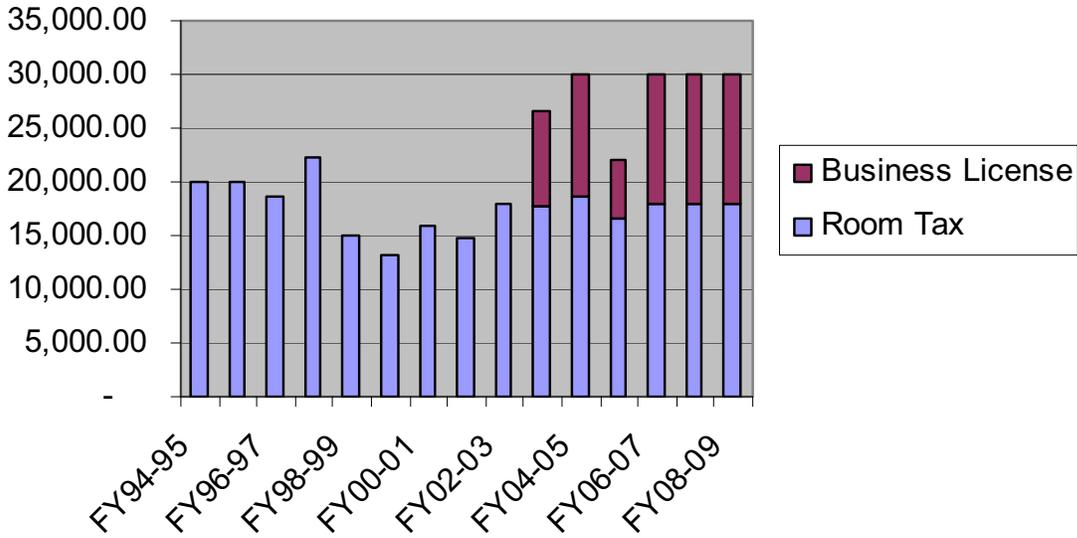
The Chehalem Valley Chamber of Commerce operates the Visitor Information Center to promote tourism and business in the area. The City of Newberg has supported the center since at least 1989. At one point, the City requested proposals from other entities to operate an information center, but ultimately chose the Chamber. The City and Chamber have entered into various formal agreements regarding operation of the Visitor Information Center over the years. The most recent agreement is dated July 1, 2003. At this time the City and Chamber are operating on an informal renewal of the 2003 agreement.

The City's funding contribution to the Visitor Information Center has varied over the years. The initial source of funding was the transient room tax. The amount of this contribution has varied widely, from as little as 14% of the total taxes collected to as much as 43%. Overall the annual payment for services has remained relatively stable. It is the continued growth in the TRT revenue that drives the changing percentage ratio of revenue to funding. In the approved FY2009-10 budget, the City dedicates an estimated 13.8% of room tax revenues to the Visitor Information Center (\$18,000 out of \$250,000).

Beginning in 2003, the City instituted a business license. The City has used business license receipts also to support the Visitor Information Center. In the approved FY2009-10 budget, the City dedicates an estimated 30% of room tax revenues to the Visitor Information Center (\$12,000 out of \$40,000).

In the last three and current fiscal years, the City has contributed \$30,000 annually to the Visitor Information Center. \$18,000 of that is derived from the room tax; \$12,000 is derived from the business license.

Visitor Information Center Payments from City of Newberg FY94-95 to FY08-09



Newberg Room Tax Revenue and Visitor Information Center Payments FY94-95 to FY08-09

Fiscal Year	Total Room Tax Revenue	Room Tax to Visitor Center	% Room Tax to Visitor Center	Business License Rev. to Visitor Center	Total Revenues to Visitor Center as % of Room Tax Revenue
FY94-95	46,572	20,000	43%		43%
FY95-96	53,964	20,000	37%		37%
FY96-97	55,810	18,749	34%		34%
FY97-98	72,343	22,181	31%		31%
FY98-99	71,518	18,000	25%		25%
FY99-00	78,131	18,000	23%		23%
FY00-01	88,709	15,856	18%		18%
FY01-02	79,808	14,754	18%		18%
FY02-03	83,402	18,005	22%		22%
FY03-04	93,967	17,639	19%	9,000	28%
FY04-05	96,058	18,750	20%	11,250	31%
FY05-06	100,489	16,500	16%	5,500	22%
FY06-07	129,383	18,000	14%	12,000	23%
FY07-08	121,039	18,000	15%	12,000	25%
FY08-09	115,000	18,000	16%	12,000	26%

Transient Room Tax:

The City established a transient room tax in 1976. The rate is 6% of the room rate. The City receives 95% of the taxes collected; 5% is retained by the innkeeper to defray the costs of collection.

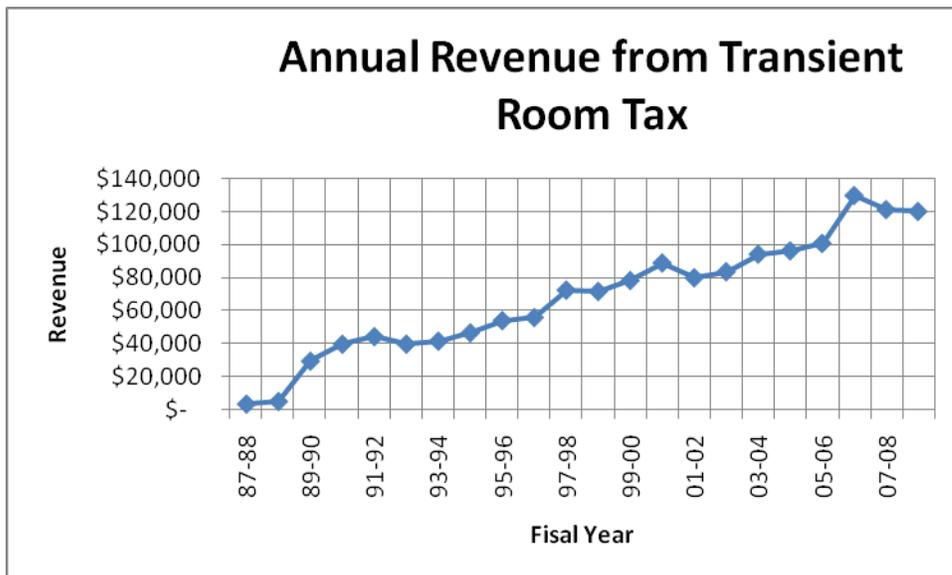
The Newberg Code states: “All [room tax] money collected pursuant to this subchapter shall be the general funds of the City of Newberg and may be used in any lawful manner that the city deems necessary and appropriate.”

State law governs the use of the room tax. ORS 320.350 provides that the City cannot reduce the percent of room tax revenues expended to fund tourism promotion or tourism-related facilities from the percent used in 2003. Accordingly, 17.6% of room tax revenues must be used to fund tourism promotion or facilities. If the City increases the room tax, then 70% of the new revenues must fund tourism promotion or facilities.

In 1996, the City adopted Ordinance 96-2433, which specified that 50% of room tax revenues be dedicated to fund a visitor center. In 1997, the City adopted Ordinance 97-2478, which eliminated the 50% requirement.

Historical Revenues for Transient Room Tax:

The following chart shows the historical room tax revenues. The FY2009-10 budget projects \$250,000 of revenue from the room tax with the significant increase due to the Allison Inn. To date, there has been only one full quarter of revenue reported that includes the Allison Inn. It is still too early to determine whether or not the Allison will meet the project TRT revenue for FY09-10.



STRATEGIC ASSESSMENT:

By state law, approximately 17.6% of room tax revenues must be used for “tourism promotion or tourism related facilities.” The following table reports the amount of funds that should be allocated to tourism since 2003:

Fiscal Year	TRT Collected	17.6% of TRT
02-03	\$ 83,402	\$ 14,679
03-04	\$ 93,967	\$ 16,538
04-05	\$ 96,058	\$ 16,906
05-06	\$ 100,489	\$ 17,686
06-07	\$ 129,383	\$ 22,771
07-08	\$ 120,876	\$ 21,274
08-09	\$ 119,791	\$ 21,083
09-10 Projected	\$ 250,000	\$ 44,000

Funding the Visitor Information Center is a qualified use of TRT revenue. Other activities also could fill this purpose, including marketing the Old Fashioned Festival, Art Walk or other events, creating and posting welcome banners downtown, or developing facilities, possibly including restrooms, benches, or plazas, that have a substantial purpose of supporting tourist activities.

The City and the Chamber have been operating without a formal contract since 2003. To protect the City and the Chamber a contract must be executed to clearly delineate the Chamber’s role and the City’s expectations for the operation of the visitor’s center.

The level of funding for the visitor’s center has remained unchanged for the last three years. To maintain at least current level of services, consideration for inflationary cost increases should be considered.

The Chamber has proposed to have the level of funding specifically allocated by Ordinance as a set percentage of the TRT revenue collected. This assures the Visitor Center budget will increase as the economy and revenues increase. This provides the Chamber with a level of assurance that their funding levels will increase over time. To the City, it limits the Council’s options on how to allocate the TRT revenue.

Questions:

In considering the Chamber's request the Council may wish to think about the following questions:

1. Does the City want to continue to fund a Visitor's Center?
2. Does the Council desire to continue to contract with the Chamber to operate and manage the Center?
3. Does the current \$30,000 annual expenditure fund the Center at a level of service satisfactory to the Council?
4. Should revenue allocated to the Center be established by Ordinance or remain at the discretion of the Council and Budget Committee?

Recommendation:

1. Develop a contract and scope of work for Council approval by June 30, 2010.
 - a. The scope of work is to define the level of services that can be provided at a cost of \$30,000 per year.
2. Term of contract to be five years with an automatic CPI adjustment factor.
3. Each year when establishing the budget:
 - a. Council to determine the amount of TRT revenue to be allocated for tourism activities, 17.6% minimum.
 - b. The Chamber and other interested parties are provided an opportunity to a submit request for grant application to fund specific tourism related projects subject to funding availability.

Attachment

Visitor Information Center Data
Submitted By
Chehalem Valley Chamber of Commerce
February 18, 2010

Chehalem Valley Chamber of Commerce

2009/2010 Visitor Information

Service Record and Monthly Report

Comparison (Prior Year)

	Phone	Phone	Visitor	Visitor	Web Visits	Web Visits
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
July	802	701	1288	1355	4362	4459
Aug	823	857	1445	1322	4349	3731
Sept	715	667	1799	1272	4299	3065
Oct	440	529	930	700	5242	4138
Nov	443	402	412	372	3918	3937
Dec	198	229	201	266	3447	3327
Jan	367	219	244	232	4048	3650
Feb		237		233		3686
March		339		366		3868
April		399		290		3382
May		402		550		2813
June		568		709		4169
Total:		5549		7667		44225

2009 - 2010 Visitor Center Budget

Chehalem Valley Chamber of Commerce

Income

		09-10		
		BUDGET TOTALS	08-09 BUDGET	08-09 ACTUAL
City of Newberg		\$30,000	\$30,000	\$30,000
Chehalem Valley Chamber of Commerce Contribution		\$55,971	\$43,450	\$55,971
	TOTAL	\$85,971	\$73,450	\$85,971

Expenses

Personnel		\$44,975	\$41,925	\$44,975
Executive Director				
Communications Coordinator				
Visitors Center Coordinator				
Visitors Center - Seasonal Help				
Bookkeeper (P/T)				
Benefits - Health Insurance & Retirement				
Taxes				
 Marketing Expense		 \$9,246	 \$8,525	 \$9,246
Newberg Graphic Tourism				
Yamhill Valley Visitors Guide - Yamhill Valley Branding & Marketing Project				
Sheridan Sun Tourism Magazine				
Governors Conference on Tourism - OACVB Conference				
Visitors Center Brochure - Reprints & Tourism Inserts				
Website				
Yamhill Valley Visitors Association				
 Overhead		 \$31,750	 \$23,000	 \$31,750
Calculated on 1/3 of overhead in Chamber Budget applicable to tourism				
Includes: Dues/Subscriptions, Admin. Insurance, Internet/Web,				
Miscellaneous, Supplies, Postage, Leases, Rent, Capital				
Improvements, Repair/Maintenance, Telephone, Utilities				
Yamhill Valley Visitors Association dues, Professional Fees				
Portland Oregon Visitors Association dues				
	TOTAL	\$85,971	\$73,450	\$85,971

**Newberg Visitor Information Center
2009 - 2010
First and Second Quarter Report
(July - Dec 2009)**

	Q1 & Q2	YTD 09-10	Budget
REVENUE:			
City of Newberg	\$7,500.00	\$15,000.00	\$30,000.00
Newberg Chamber contribution	\$35,760.00	\$28,260.00	\$55,971.00
TOTAL REVENUES:	\$43,260.00	\$43,260.00	\$85,971.00
 EXPENSES:			
Personnel	\$21,057.00	\$21,057.00	\$44,975.00
Marketing	\$8,991.00	\$8,991.00	\$9,246.00
Overhead/Utilities, etc.	\$13,212.00	\$13,212.00	\$31,750.00
TOTAL EXPENSES:	\$43,260.00	\$43,260.00	\$85,971.00

Fiscal Year	Total Room Tax Revenue	Room Tax to Visitors Center	% Room Tax to Visitor Center	Business License Rev. to Visitors Center	Total Revenues to Visitors Center as % of Room Tax Revenue		Total Visitors Center Budget		% Visitor Budget Chamber Pays	
					Visitors Center	Revenue	Center	Budget	Center City Pays	Center Budget Chamber Pays
FY94-95	\$46,572	\$20,000	43%		43%					
FY95-96	\$53,964	\$20,000	37%		37%					
FY96-97	\$55,810	\$18,749	34%		34%					
FY97-98	\$72,343	\$22,181	31%		31%					
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FY00-01	\$88,709	\$15,856	18%		18%					
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FY02-03	\$83,402	\$18,005	22%		22%					
FY03-04	\$93,967	\$17,639	19%	\$9,000	28%	\$48,448	55%			45%
FY04-05	\$96,058	\$18,750	20%	\$11,250	31%	\$46,903	64%			36%
FY05-06	\$100,489	\$16,500	16%	\$5,500	22%	\$52,031	42%			58%
FY06-07	\$129,383	\$18,000	14%	\$12,000	23%	\$67,291	45%			55%
FY07-08	\$121,039	\$18,000	15%	\$12,000	25%	\$68,506	44%			56%
FY08-09	\$115,000	\$18,000	16%	\$12,000	26%	\$85,971	35%			65%