

NEWBERG CITY COUNCIL MINUTES
MARCH 16, 2015, 7:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)

A work session was held at 6:00 p.m. preceding the meeting. Present were Mayor Bob Andrews, Councilors Tony Rourke, Lesley Woodruff, Mike Corey, Scott Essin, Stephen McKinney, and Denise Bacon. Also present were City Manager Jacque Betz, City Recorder Sue Ryan, City Attorney Truman Stone, Finance Director Matt Zook and Public Works Director Jay Harris.

CM Betz, CA Stone, and FD Zook presented Transient Lodging Tax 101(TLT). CM Betz reviewed the City ordinances that established and amended the TLT. The hotel/motel operators were able to retain 5% of the tax. CA Stone discussed the 2003 laws and administrative restrictions. There was a 6% tax that a minimum of 17.6% of that revenue had to be used for tourism promotion or facilities and the rest could be used for any General Fund purpose, and a 3% tax requiring 70% to be used for tourism and 30% could be used for City services.

FD Zook showed scenarios based on the 6% and 3% taxes and a combination of both percentages together. When blending them together, for every tax dollar received, a minimum of 35% went to tourism. The 3% tax rate would be effective July 1, 2015. The City was anticipating around ten million dollars of hotel/motel sales revenue and running it through the formulas that would generate \$900,000. Of that amount, 5% would be retained by operators, or \$45,000 and the City would receive \$855,000. Using the percentages just discussed, nearly \$300,000 would go towards tourism and the rest towards City services. For the \$300,000, there was a contract to be discussed later that night with the Chehalem Valley Chamber of Commerce that would be \$137,000 and the \$167,000 could be spent on other tourism promotion or facilities at the City's discretion.

There was discussion regarding what other jurisdictions did regarding transient taxes and how the tourism funds would be used. CM Betz clarified the Code exempted collecting transient tax on vacation rentals. She thought the funds could be distributed through a competitive process with criteria decided by the Council. There was further discussion regarding the intent of the State law for transient taxes and examples of tourism facilities.

CALL MEETING TO ORDER

ROLL CALL

Members Present:	Mayor Bob Andrews	Mike Corey	Tony Rourke
	Scott Essin Denise Bacon	Stephen McKinney	Lesley Woodruff

Staff Present:	Jacque Betz, City Manager	Truman Stone, City Attorney
	Sue Ryan, City Recorder	Leah Griffith, Library Director
	Jay Harris, Public Works Director	Doug Rux, Community Development Director

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

CITY MANAGER'S REPORT: City Manager Jacque Betz had no further additions to the Manager's report.

CONSENT CALENDAR:

<p>MOTION: McKinney/Corey moved to accept the Consent Calendar, including the March 2, 2015, meeting minutes as amended and the January 2015 Financial Report.. Motion carried (7 Yes/ 0 No).</p>
--

REPORTS: Chehalem Valley Chamber of Commerce quarterly marketing report: Sheryl Kelsh, Executive Director of the Chamber of Commerce, highlighted activities, industry information, and Chamber budget in the quarterly report. Councilor Essin clarified the majority of the marketing budget came from Newberg's hotels. Ms. Kelsh said that was correct except for \$2,500 per year which came from the City of Dundee. The Chamber represented Newberg, Dundee, and St. Paul. There was discussion on how the transient tax was collected and spent in Newberg.

Newberg Cultural District: Library Director Leah Griffith presented the district's annual report. She explained the location of the District, IGA between the City and District, Executive Board makeup and duties, accomplishments in 2014, parking mitigation, and upcoming events. For 2015 they would be developing a design guide for outdoor furniture, revising the parking plan, formalizing the reservation process, continuing to develop their website, and enhancing the area so it was a destination in Newberg.

PUBLIC HEARING: Resolution 2015-3180: Mayor Andrews opened the hearing at 7:33 p.m. He asked if there were any abstentions, bias, ex-parte contacts, conflicts of interest, or objections to jurisdiction. There were none.

Staff Report: CM Betz said the reason for the public hearing was to consider a resolution approving a new five-year marketing agreement with the Chehalem Valley Chamber of Commerce (CVCC) and approve an exemption in Exhibit A of the Resolution. The current funding allocations is 25% of collected transient lodging tax. There was overall satisfaction and agreement to renew, but there were different opinions about keeping the same percentage of funding. CM Betz explained the Chamber's share had increased from \$60,000 to more than \$130,000 and projected that the Chamber would receive more than \$200,000 in the future. Staff recommended approving the agreement and capping the amount at \$137,000 annually with an annual CPI. She recommended Council serve as the Newberg Tourism Committee with the authority to administer the additional marketing funds. CA Stone explained the exemption in Exhibit A. Staff proposed to exempt the Chamber from the normal contract solicitation methods. The Council had authority to exempt certain contracts, and this would make it so there did not need to be RFPs for the Visitor Center but the City could renew the long-standing relationship with the Chamber. Exemptions required public notice and hearing.

There was discussion on the cap amount, oversight function of the Council as Tourism Committee and that under a cap the remaining funds would still go toward tourism. There was additional discussion about the Tourism Committee's function.

Public Testimony: Sheryl Kelsh, CEO of the Chehalem Valley Chamber of Commerce, gave a history of the relationship between the City and Chamber for the Visitor Center and how the additional funding helped to expand their marketing services. She then reviewed how the Chamber was helping promote and expand tourism for Newberg through events and publications. She thought that adding a cap would limit the potential performance of the contract. The Chamber had consistently showed performance and collaboration with the City. She suggested the contract terms for marketing services be continued at 25% and have the Chamber continue to manage the funds.

There was discussion regarding the Chamber's marketing plan and budget, setting the Chamber as the tourism committee, events that were funded through the Chamber, events that were revenue generators, and Tunes on Tuesday being handed off to young professionals. Councilor McKinney said he heard Ms. Kelsh was open to creating oversight of new programs and new ideas and preventing duplication of services but would the 25% be enough to perform those duties? Ms. Kelsh would have to take it to her Executive Committee before she could give an answer.

There was further discussion regarding the amount of support that came from the City of Newberg for the region and the funding received from the other cities in the region. Ms. Kelsh said when visitors came, they looked at the entire area for tourism. The majority of the money came from Newberg and she knew she was accountable to bring visitors to Newberg. She confirmed she was willing to do a tourism contract with the City and take care of all the concerns.

Councilor Corey was in favor of the cap and recommended using the Economic Development Director for allocating the funds instead of forming a committee. Mayor Andrews clarified if the Chamber was in charge of allocating the funds, they would make the decisions on how the funds would be spent. If the City was in charge, they would decide and the Chamber could apply outside of what the City gave them for certain programs or events.

CM Betz said what was before the Council tonight was a five-year marketing services agreement with the Chamber. She said the question of what to do with the additional funds for tourism would come back to Council at a later date. The City Council could be the Tourism Committee, it could be run through the Community Development department, or decide to keep the 25 percent or give them less or more.

Ms. Kelsh clarified she was opposed to the cap.

Mayor Andrews closed the public testimony at 8:35 p.m.

Staff recommendation:

CM Betz said the recommendation was to approve passage of Resolution 2015-3180. Mayor Andrews closed the hearing at 8:38 p.m.

MOTION: Councilor Essin moved to adopt Resolution 2015-3180 but keep the 25% allocation as it currently was. Motion died for lack of a second.

Action by the City Council:

MOTION: McKinney/Essin moved to change the cap in the proposed contract in Exhibit B to Resolution 2015-3180 to \$150,000 (3 Yes/4 No [Andrews, Corey, Rourke, Woodruff]).

MOTION: Rourke/Woodruff moved to approve Resolution 2015-3180, a Marketing Services Agreement with the Chehalem Valley Chamber of Commerce for visitor information services, as proposed. (5 Yes/2 No [Essin/McKinney]).

Deliberation of Council:

Councilor Bacon supported the motion to bring in bigger projects. Councilor McKinney did not support the motion as \$137,000 was insufficient but would support it if the cap was \$150,000 - \$175,000. Councilor Rourke supported the motion and wanted to see a more specific plan for how the funds would be used. He would likely support giving the Chamber more funding with a thoughtful plan. Councilor Corey thought it was a good agreement as both the City and Chamber would have an opportunity to promote tourism. The Chamber could return to the City with a plan for other projects.

Councilor Bacon said there was a difference between operating the Visitors Center and promoting the area. Councilor Essin was opposed to the motion as he thought the cap should be higher. Councilor McKinney asked the maker of the motion to remove the motion. Councilor Rourke would not withdraw the motion. There was discussion regarding the cap. Councilor Essin said the Chamber was spending in excess of \$150,000 in order to compete. He said Ms. Kelsh was opposed to the cap because it was not enough. Councilor Rourke said \$137,000 was not arbitrary, but was calculated from percentages from FY 14-15. Councilor McKinney wanted to talk about sufficient funding for a trusted partner to be able to do their job. CM Betz explained the reasoning behind the \$137,000 figure. The City had proposed \$130,000 and Ms. Kelsh said she had budgeted for \$137,000. Councilor Essin said it was a difference of \$13,000.

EXECUTIVE SESSION: Executive session pursuant to ORS 192.660 (2) (e) relating to real property transactions. The Council entered Executive Session #1 at 9:05 p.m. Council exited Executive Session #1 at 9:15 p.m. Council entered Executive Session #2 at 9:15 p.m. Council exited Executive Session #2 at 9:44 p.m. The Council re-entered open session at 9:45 p.m.

COUNCIL BUSINESS: Councilor Essin had concerns about the safety of the City's police officers given the unrest in certain parts of the country. He thought the police officers should be recognized for their work. Mayor Andrews thought they were being recognized on an ongoing basis. The department worked well and he did not think it needed public rhetoric to keep it going. It was something they should not forget.

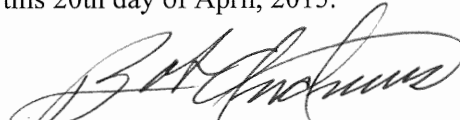
Mayor Andrews said that the safety corridor on Highway 18 was being abandoned by the Oregon Department of Transportation. Councilor Bacon reminded the Council their ethics report needed to be filled out.

ADJOURNMENT: The meeting was adjourned at 9:55 p.m.

ADOPTED by the Newberg City Council this 6th day of April, 2015.


Sue Ryan, City Recorder

ATTESTED by the Mayor this 20th day of April, 2015.


Bob Andrews, Mayor