



**TRANSIENT LODGING TAX AD HOC COMMITTEE AGENDA  
JANUARY 4, 2016, 4:00 PM  
NEWBERG CITY HALL 414 East First Street  
Permit Center Conference Room**

- I. CALL MEETING TO ORDER**
- II. ROLL CALL**
- III. INTRODUCTIONS**
- IV. TLT AD HOC COMMITTEE ROSTER**
- V. CITY EMAIL ACCOUNTS**
- VI. OVERVIEW NEWBERG STRATEGIC TOURSIM PLAN**

**THE CITY COUNCIL RESOLUTION, EXECUTIVE SUMMARY AND PLAN ARE LOCATED AT THE FOLLOWING LINKS:**

[http://www.newbergoregon.gov/sites/default/files/fileattachments/economic\\_development/page/6028/newberg\\_strategic\\_tourism\\_plan\\_exec\\_summary\\_final.pdf](http://www.newbergoregon.gov/sites/default/files/fileattachments/economic_development/page/6028/newberg_strategic_tourism_plan_exec_summary_final.pdf)

[http://www.newbergoregon.gov/sites/default/files/fileattachments/economic\\_development/page/6028/newberg\\_strategic\\_tourism\\_plan\\_full\\_plan\\_final.pdf](http://www.newbergoregon.gov/sites/default/files/fileattachments/economic_development/page/6028/newberg_strategic_tourism_plan_full_plan_final.pdf)

[http://www.newbergoregon.gov/sites/default/files/fileattachments/economic\\_development/page/6028/res3307.pdf](http://www.newbergoregon.gov/sites/default/files/fileattachments/economic_development/page/6028/res3307.pdf)

- VII. PURPOSE/ROLE OF THE TLT AD HOC COMMITTEE**
- VIII. AVAILABLE FUNDS**
- IX. TOURISM INFORMATION SESSION**
- X. MARKETING MATERIAL ASSESSMENT**
- XI. FUTURE MEETING SCHEDULE**
- XII. ADJOURNMENT**

*ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the Office Assistant II of any special physical or language accommodations you may need as far in advance of the meeting as possible and no later than 48 business hours prior to the meeting. To request these arrangements, please contact the Office Assistant II at (503) 544-7788. For TTY services please dial 711.*

## Transient Lodging Tax Ad Hoc Committee Roster

### **Committee Members**

Dennis Lewis, Chair	<a href="mailto:dennis.lewis@newbergoregon.gov">dennis.lewis@newbergoregon.gov</a>
Sheila Nicholas, Vice Chair	<a href="mailto:sheila.nicholas@newbergoregon.gov">sheila.nicholas@newbergoregon.gov</a>
Patrick Johnson, City Council Member	<a href="mailto:patrick.johnson@newbergoregon.gov">patrick.johnson@newbergoregon.gov</a>
Jessica Bagley	<a href="mailto:jessica.bagley@newbergoregon.gov">jessica.bagley@newbergoregon.gov</a>
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Loni Parrish	<a href="mailto:loni.parrish@newbergoregon.gov">loni.parrish@newbergoregon.gov</a>
Ron Wolfe	<a href="mailto:ron.wolfe@newbergoregon.gov">ron.wolfe@newbergoregon.gov</a>

### **Ex Officio Members**

Bob Andrews, Mayor	<a href="mailto:bob.andrews@newbergoregon.gov">bob.andrews@newbergoregon.gov</a>
Joe Hannan, City Manager	<a href="mailto:joe.hannan@newbergoregon.gov">joe.hannan@newbergoregon.gov</a>

### **Staff**

Doug Rux, Community Development Director	<a href="mailto:doug.rux@newbergoregon.gov">doug.rux@newbergoregon.gov</a>
Matt Zook, Finance Director	<a href="mailto:matt.zook@newbergoregon.gov">matt.zook@newbergoregon.gov</a>



Community Development Department  
P.O. Box 970 ▪ 414 E First Street ▪ Newberg, Oregon 97132  
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## MEMORANDUM

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TO: Newberg Mayor and City Council  
FROM: Doug Rux, Community Development Director  
SUBJECT: Transient Lodging Tax Organizational Structure  
DATE: October 17, 2016

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### **BACKGROUND**

On August 15, 2016 the Newberg City Council at their Work Session received a presentation on the Newberg Strategic Tourism Plan focusing on the organizational development of a body to administer the Transient Lodging Tax (TLT) funds to implement the Newberg Strategic Tourism Plan. Three options for an organizational structure were discussed:

1. Independent Tourism Board
2. A contract with the Chehalem Valley Chamber of Commerce
3. The City establishing an Advisory Committee

The City Council discussed the three options with both pros and cons. A summary of the discussion is included as Attachment A.

Staff met with the TLT Advisory Group on September 19, 2016 and shared with them a summary of the City Council discussion from August 15, 2016 to gain their feedback. Individuals present at the meeting included Dennis Lewis, Pierre Zreik, Lori Lewis, Rob Dailey, Robby Larson, Sheryl Kelsh, Bob Andrews, Joe Hannan, Matt Zook and Doug Rux. Staff also prepared and shared financial models for the three organizational structure options (Attachments B-D). A fourth model was also developed for a City Ad Hoc Committee (Attachment E) based on the TLT Advisory Group discussion.

### **TLT ADVISORY GROUP SUMMARY**

The TLT Advisory Group reviewed the City Council summary material and provided the following feedback.

- Are interest earnings apportioned out to TLT or to the General Fund?
- Small Grants – match program with a minimum of \$1,000 and maximum of \$10,000.
- Why would a Tourism Board Director need to have an office space?

- Are the recommendations in the Tourism Plan to leverage dollars to grow the funds we already have?
- If there is an Ad Hoc Committee who is the staff?
- Based on the models can 38% of expenditures go to administrative support?
- Not sure how much you can leverage on an annual basis.
- What does the group want to do? What is the model? What do we want a person to do?
- Tourist related facilities, possibly Chehalem Cultural Center commercial kitchen or a tent for events rather than renting a tent.
- Need a person who can spend time with the media.
- Familiarization Tours (FAM's) come all the time. Would do more if Chamber had a dedicated person to interact with the media.
- Need help with the media, Allison Inn can't do it all alone. Maybe the first year work with the Chamber to see where we can get.
- Need a job description.
- Anytime you hire the costs is around \$50,000, what is the return on investment?
- 38%-40% of resources for a person.
- Chamber has a \$137,000 contract, how much is for marketing?
- \$40,000 is for general marketing, balance is for staff and facilities.
- Do you focus more on Marketing or Destination Development?
- FAM's, Ad Hoc reviews and recommends to City Council.
- Tourism is about people, need a dedicated person.
- Need a person, someone to grow in the position.
- Expertise is the Ad Hoc Committee, not a staff person. Could you enhance the Chamber to do the functions?
- Chamber hired a person (part-time) who is a travel writer, is also working on FAM's.
- Hearing need to hire a person. Who reviews requests? Chamber or Ad Hoc? Bifurcated system. Maybe increase funding to Chamber for a portion of activities.
- Chehalem Cultural Center should be able to access TLT funds. Who is going to set the standards and oversee it? Chehalem Cultural Center has tracked 2016 tourists. Who would the Chehalem Cultural Center submit funding requests to?
- Need to bring people to town for an overnight stay.
- What about a grant, possibly to the Chamber to augment Chamber services and have a separate pot for tourist facilities?
- That could be done. Would need a contract. If not an Ad Hoc Committee, would ask that the Advisory Group come back and give feedback.

The general consensus of the Advisory Group members present was to take initial steps by forming a City Ad Hoc Committee, have the Chamber evaluate what additional enhanced services they could provide (FAM's, marketing, destination development), operate under this model for not more than two years, solicit for tourism related facility projects and evaluate what a future organizational model would be based on available funding.

## **STAFF RECOMMENDATION**

Staff recommends that:

1. An Ad Hoc Committee be established by the City Council that would operate for no more than two years.
2. The Ad Hoc Committee consist of not more than 13 members drawing from members of the TLT Advisory Group plus a person representing Airbnb/VRBO's, a City Council member, a general at-large citizen and Ex Officio members of the Mayor and City Manager.
3. The Ad Hoc Committee would be staffed by existing city staff.
4. The Ad Hoc Committee's role would be to solicit for tourism related facility projects, review proposals and make recommendations to the City Council.
5. The City Council would make the decision on what tourism related facility projects get funded.
6. The Ad Hoc Committee would make recommendations on the small grant program to the City Council.
7. During the two year period the Ad Hoc committee continues the discussion of an organizational model appropriate for Newberg given the funding available and report their recommendations back to the City Council.
8. The City discuss with the Chehalem Valley Chamber additional services that could be provided such as FAM's, Marketing and Destination Development. Funding for these services would come out of the Tourism Promotion expense line.
9. Funds be allocated for a consultant to conduct an assessment of exiting marketing material and provide recommendations for updating or modifying marketing material.

Attachments: A. August 15, 2016 City Council Work Session Summary  
B. TLT City Model  
C. TLT Chamber Model  
D. TLT New Organization Model  
E. TLT City Ad Hoc Model

# Attachment A

## City Council Work Session Summary of August 15, 2016

### Independent Tourism Board/Director

Who will the Director Work for? The Board or the City?

- Work with the Board and report to the Board. Anticipate quarterly and annual reports to City Council.

Is the Director paid out of TLT funds?

- Yes

Who does the Executive Director report to?

- Tourism Board

Who negotiates contract?

- Tourism Board Executive Committee or Board

Can the City approve the hiring of the Executive Director?

- Possibly through recommendation from Board

What is the duration of the Executive Director contract?

- Suggested 5 years (best practice), concern this may be too long

Would meetings be open to the public?

Who should be the members of the Tourism Board?

Who picks the Board members?

Want to see one citizen member on Board.

If the system is not broke why fix it?

Can the Tourism Board contract back with the Chamber for marketing services?

Separating the entity (Tourism Board) from the City takes control out of the City and places it in a private organization's hands. What advantage is this?

- Industry expertise and higher return on investment, create connections

Vested partners, connections, increased collaboration.

Chamber would be a member on the Tourism Board.

Go after state and federal grants.

How do you set up Tourism Board with City Council's legal responsibility to expend funds?

- Contract that makes it clear the Board has to follow the laws. Concerns are does City do a grant or do a contract.

What does the organizational structure of the Board look like?

Concern on transparency, public trust, dollars need to be spent appropriately. How can Bylaws/Charter be set up to ensure it is open and transparent?

If people come to Council indicating dollars are not being spent correctly, need some pull back clause in the grant or contract.

Key Issues

Transparency

Pullback clause/maybe appeal process

Public Outreach to citizens of Newberg

Some City Council consensus on monitoring an additional body is a concern.

Appearance of disconnects and not tying things together.

How a Director is hired is important.

Ex Officio – concern for a Council Member in that role, should be a voting member.

What is the composition of the Board and the decision making process?

Local resident's concern that Newberg is not a resort community, not just a destination city.

Concern on spending dollars, monitoring and control

How does the Board regulate its-self?

Concern on legal obligation passing funds to a private corporation.

Should City do an annual audit?

Community input is important, broader community engagement is necessary.

Perception City would establish protocols of the organization, not a myopic view, community representation, Ex Officio or not?

### **Chamber**

Want to hear what Chamber (Sheryl) thinks.

Chamber moving outside City Core – appearance coordination will be less not more

City negotiation on Chamber contract will be coming up soon.

Are we getting the services from the Chamber?

**Destination Development & Marketing**

First years of the program is about Destination Development.

When revenues grow new opportunities exists for growth in Marketing and Destination Development.

Marketing assessment.

**Next Steps**

Staff meet with Stakeholders and come back to City Council, come back with answers to questions raised.



TLT CITY MODEL

Attachment B

Revenue	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Transient Lodging Tax	1,025,522	1,056,288	1,087,977	1,120,616	1,154,234
Beginning Fund Balance (2016/17)	149,857				
Estimated Additional Funds					
Interest	2,564	2,580	2,600	2,620	2,640
<b>Total</b>	<b>1,177,943</b>	<b>1,058,868</b>	<b>1,090,577</b>	<b>1,123,236</b>	<b>1,156,874</b>

Expenses	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Transfers out General Fund	665,905	685,883	706,460	727,653	749,482
Visitor Center Contract	137,548	141,674	145,924	150,302	154,811
Tourism Promotion (undefined)	374,490	228,731	235,593	242,661	249,941
Tourism Consultant	40,000				
Tourism Manager - Salary <sup>1,2</sup>	59,600	60,792	62,008	63,248	64,513
Tourism Manager - Benefits (health, retirement, etc.) (18%) <sup>3</sup>	43,000	47,300	52,030	57,233	62,956.3
Tourism Manager - Recruitment	1,000				
Tourism Manager - Meetings, Travel, Networking	5,000	5,000	5,000	5,000	5,000
Tourism Marketing	10,000	10,000	10,000	10,000	10,000
Computer/Phone	600				
Fundraising	10,000	10,000	10,000	10,000	10,000
<b>Subtotal</b>	<b>169,200</b>	<b>133,092</b>	<b>139,038</b>	<b>145,481</b>	<b>152,469</b>
Tourist Related Facilities	185,290	78,219	79,155	79,800	80,112
Small Grant Program (pilot program)	20,000	20,000	20,000	20,000	20,000
<b>Total</b>	<b>1,177,943</b>	<b>1,058,868</b>	<b>1,090,577</b>	<b>1,123,236</b>	<b>1,156,874</b>

<sup>1</sup> Range 163, Step 1

<sup>2</sup> 2% annual COLA

<sup>3</sup> 10% annual increase

TLT CHAMBER MODEL

Attachment C

Revenue	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Transient Lodging Tax	1,025,522	1,056,288	1,087,977	1,120,616	1,154,234
Beginning Fund Balance (2016/17)	149,857				
Estimated Additional Funds					
Interest	2,564	2,580	2,600	2,620	2,640
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Expenses	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Transfers out General Fund	665,905	685,883	706,460	727,653	749,482
Visitor Center Contract	137,548	141,674	145,924	150,302	154,811
Tourism Promotion (undefined)	374,490	228,731	235,593	242,661	249,941
Tourism Consultant	40,000				
Tourism Manager - Salary <sup>1</sup>	55,000	56,100	57,222	58,366	59,534
Tourism Manager - Taxes, Insurance (18%)	9,900	10,098	10,300	10,506	10,716
Tourism Manager - Admin Support <sup>2</sup>	4,100	4,182	4,266	4,351	4,438
Tourism Manager - Recruitment	1,000				
Tourism Manager - Meetings, Travel, Networking	5,000	5,000	5,000	5,000	5,000
Tourism Marketing	10,000	10,000	10,000	10,000	10,000
Tourism Manager - Oversight CVCC Ex Dir	5,000	5,000	5,000	5,000	5,000
Office Supplies	1,500	1,500	1,500	1,500	1,500
Desk/Computer/Phone	3,000	500	500	500	500
Fundraising	10,000	10,000	10,000	10,000	10,000
<b>Subtotal</b>	<b>144,500</b>	<b>102,380</b>	<b>103,788</b>	<b>105,223</b>	<b>106,688</b>
Audit (ongoing)	2,000	2,000	2,000	2,000	2,000
Tourist Related Facilities	207,990	106,931	112,405	118,058	123,893
Small Grant Program (pilot program)	20,000	20,000	20,000	20,000	20,000
<b>Total</b>	<b>1,177,943</b>	<b>1,058,868</b>	<b>1,090,577</b>	<b>1,123,236</b>	<b>1,156,874</b>

<sup>1</sup> 2% annual COLA

<sup>2</sup> 2% annual COLA

TLT NEW ORGANIZATION MODEL

Revenue	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Transient Lodging Tax	1,025,522	1,056,288	1,087,977	1,120,616	1,154,234
Beginning Fund Balance (2016/17)	149,857				
Estimated Additional Funds					
Interest	2,564	2,580	2,600	2,620	2,640
<b>Total</b>	<b>1,177,943</b>	<b>1,058,868</b>	<b>1,090,577</b>	<b>1,123,236</b>	<b>1,156,874</b>

Expenses	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Transfers out General Fund	665,905	685,883	706,460	727,653	749,482
Visitor Center Contract	137,548	141,674	145,924	150,302	154,811
Tourism Promotion (undefined)	374,490	228,731	235,593	242,661	249,941
Tourism Consultant	40,000				
Tourism Director - Salary <sup>1</sup>	55,000	56,100	57,222	58,366	59,534
Tourism Director - Taxes, Insurance (18%)	9,900	10,098	10,300	10,506	10,716
Tourism Manager - Admin Support <sup>2</sup>	4,100	4,182	4,266	4,351	4,438
Tourism Director - Recruitment	1,000				
Tourism Director - Meetings, Travel, Networking	5,000	5,000	5,000	5,000	5,000
Tourism Marketing	10,000	10,000	10,000	10,000	10,000
Fundraising	10,000	10,000	10,000	10,000	10,000
Office Space Lease/Utilities <sup>3</sup>	18,000	20,700	23,805	27,376	31,482
Furniture/Desk/Computer/Phone	10,000	500	500	500	500
Office Supplies	1,500	1,500	1,500	1,500	1,500
Secretary of State filings	100	100	100	100	100
<b>Subtotal</b>	<b>164,600</b>	<b>118,180</b>	<b>122,693</b>	<b>127,699</b>	<b>133,270</b>
Audit (ongoing)	2,000	2,000	2,000	2,000	2,000
Tourist Related Facilities	187,890	91,131	93,500	95,582	97,311
Small Grant Program (pilot program)	20,000	20,000	20,000	20,000	20,000
<b>Total</b>	<b>1,177,943</b>	<b>1,058,868</b>	<b>1,090,577</b>	<b>1,123,236</b>	<b>1,156,874</b>

<sup>1</sup> 2% annual COLA

<sup>2</sup> 2% annual COLA

<sup>3</sup> 1,500 sft at \$1.00 sft at 1.5% annual increase

TLT CITY AD HOC MODEL

Attachment E

Revenue	FY 16/17		FY 17/18		FY 18/19		FY 19/20		FY 20/21	
Transient Lodging Tax	1,025,522		1,056,288		1,087,977		1,120,616		1,154,234	
Beginning Fund Balance (2016/17)	149,857									
Estimated Additional Funds										
Interest	2,564		2,580		2,600		2,620		2,640	
<b>Total</b>	<b>1,177,943</b>		<b>1,058,868</b>		<b>1,090,577</b>		<b>1,123,236</b>		<b>1,156,874</b>	

Expenses	FY 16/17		FY 17/18		FY 18/19		FY 19/20		FY 20/21	
Transfers out General Fund	665,905		685,883		706,460		727,653		749,482	
Visitor Center Contract	137,548		141,674		145,924		150,302		154,811	
Tourism Promotion (undefined)	374,490		228,731		235,593		242,661		249,941	
Tourism Consultant	40,000									
Staff - Meetings, Travel, Networking	5,000		5,000		5,000		5,000		5,000	
Tourism Marketing	10,000		10,000		10,000		10,000		10,000	
Fundraising	10,000		10,000		10,000		10,000		10,000	
<b>Subtotal</b>	<b>65,000</b>		<b>25,000</b>		<b>25,000</b>		<b>25,000</b>		<b>25,000</b>	
Tourist Related Facilities	289,490		186,311		193,193		200,281		207,581	
Small Grant Program (pilot program)	20,000		20,000		20,000		20,000		20,000	
<b>Total</b>	<b>1,177,943</b>		<b>1,058,868</b>		<b>1,090,577</b>		<b>1,123,236</b>		<b>1,156,874</b>	

There has been discussion in the community about use of the Transient Lodging Tax revenue (TLT), including an editorial in the April 1, 2015 Newberg Graphic. This type of debate is evidence of a vibrant, active and involved community. Many good and creative ideas have been suggested. Use of TLT revenue is limited by state statute and the intent of this article is to explain TLT, explore state restrictions, and consider some proposed uses.

Transient lodging taxes are those taxes imposed on someone who provides temporary overnight lodging, typically hotels and motels, but also bed and breakfast facilities and short-term rental of apartments or residences. Under the Newberg Code, any stay under 30 days is subject to this tax. The customer owes the debt, but the obligation to collect the tax is placed on the business (the business receives compensation for collection of the tax). Newberg first enacted a TLT in 1976.

In 2003, the Oregon Legislature got into the lodging tax business when it imposed a 1% tax statewide, which is used to fund the Oregon Tourism Commission. That bill (HB2267) also imposed new limitations on Cities and Counties that collect TLT. For existing local lodging taxes, the State locked in a formula on how much of the receipts must be used for tourism; that is the formula the local government used on July 2, 2003. For new or expanded TLT amounts, the State requires 70% of the proceeds to be used for “tourism promotion or tourism related facilities.” The statutory definitions are the key to understanding these limitations.

The State defines “tourism” as economic activity resulting from tourists and “tourists” as those folks traveling more than 50 miles or combining an overnight stay with their activity.

The definition of “**tourism promotion**” includes any of the following activities:

- (a) Advertising, publicizing or distributing information for the purpose of attracting and welcoming tourists;
- (b) Conducting strategic planning and research necessary to stimulate future tourism development;
- (c) Operating tourism promotion agencies; and
- (d) Marketing special events and festivals designed to attract tourists.

The State defines “**tourism-related facility**” as:

- (a) a conference center, convention center or visitor information center; and
- (b) other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.

Conference, convention, and visitor information centers are also statutorily defined terms with specific meanings.

As you can see, there is no mention of streets, sidewalks, or parking lots, but an astute reader would deduce that these are improvements to real property with a useful life of 10 years or more, that might be included in subsection (b).

This question was presented in 2008 to the Attorney General by the head of the Oregon Tourism Commission. After extensive [analysis](#), the Department of Justice stated:

In sum, the history shows that the legislature did not intend to categorically exclude roads, sewers, sewer plants, and other transportation facilities from the definition of “tourism- related facilities.” If a specific road or sewer, etc., meets the criteria in ORS 320.300(9)(b), including having a substantial purpose of supporting tourism or accommodating tourist activities, it would qualify as a “tourism-related facility.” But legislators cited only three very limited types of roads and sewers that might qualify: roads that provide access to natural and recreational facilities, other improvements to recreational facilities, which could include sewers, and a restroom in a park. *Those types of roads and sewers either are part of tourist attractions or directly serve them. In that sense, those facilities might “draw” tourists to the extent that the attraction itself draws tourists. No legislator stated any intent to include roads and sewers merely because they are used heavily by tourists.* Consequently, the history suggests that the legislature may have intended local infrastructure such as roads and sewers to be “tourism-related facilities” only to the extent that they either are part of or directly serve tourist attractions. [emphasis added]

We conclude, based on the text, context and history of ORS 320.300(9) and ORS 320.350(5) and (6) that the legislature most likely intended local roads, sewers, sewer plants, and transportation facilities to qualify as “tourism-related facilities” only if they drew tourists in themselves, directly serve a specific tourist attraction (such as an access road), or are part of the infrastructure of a specific tourist attraction (such as a restroom and the on-site sewer line). The legislature most likely did not intend “tourism-related facilities” to encompass roads and other infrastructure simply because they are used, even heavily, by tourists as well as locals.

Given this analysis of the statutory restrictions and the intent of the legislature, what are we to conclude? While there is no bright line test, some general observations can be made.

First, using TLT tourism dedicated funds to repair sidewalks, install bulb outs, or place benches in the downtown would be a violation of law. Second, under the same analysis, the repair of the City Lot on Second Street [aka Merchant's Lot] with TLT tourism dedicated funds would also be a violation of law, since the lot is used primarily by downtown merchants or customers, tenants who live in downtown apartments, and City staff.

Installation of a public restroom might be a "tourism-related facility," depending on whether or not it was located adjacent to a specific tourist attraction.

TLT tourism dedicated funds are restricted in the way the funds are spent, but there is no requirement that funds be spent in any given year. If there is a community desire to build tourism-related facilities, then the TLT funds might be banked until there are sufficient funds to either partially or fully fund a facility. This would take a long-range vision and plan to implement.

There is no doubt that City infrastructure, both public and private, is in need of repair. However, the TLT tourism restricted funds are not legally available to address these needs. The City is working on a process to administer the TLT funds, which will give structure and ensure legal compliance in the expenditure of these amounts.

**Transient Lodging Tax Use of Funds Advisory Group**  
11/13/15

**Ideas for Use of Funds**

1. Old Fashioned Festival
2. Focus on wine industry – Nine (9) tasting rooms in downtown
3. Develop a comprehensive plan to work from – hire a consultant
4. Assist in promotion of events:
  - Bring people to the area (Newberg)
  - Passport Program
  - Off season
  - Advertising/Promotion
  - Events during off season
5. Cultural District/Center
  - Festivals/Events
  - Facility development
6. Branding Newberg as a destination
7. National exposure – bring people to Newberg, spend dollars
8. Destination – Consider both:
  - < 50 miles (local)
  - > 50 miles
9. Strategy to capture travelers already in Newberg
10. Market research study by a professional
11. Need to think beyond Portland for tourists
12. Progressive picnic in the downtown area for restaurants
13. George Fox University – 4-5 events each year, fill up local hotels, people stay outside Newberg
14. Lodging deficient –need mid-range hotel
15. Sell out events one-year in advance, always think forward
16. Companies putting clients and people up in hotels outside of Newberg
17. Vacation rentals – can easily convert to accommodations
18. Need travelers during the off-season
19. Need something to keep travelers in Newberg
  - Events/Activities in downtown
20. Downtown needs to be appealing
21. Restaurants/Retailers – more diverse in downtown
22. Web/Social Media campaign - on-going
23. Events calendar
  - Consolidate into one location
  - Chamber has calendar



### **Funding Process Ideas**

1. Grant process
2. Have a Commission like Bend – allows City Council to distribute workload
3. McMinnville program dollars from Transient Lodging Tax
4. Destination Marketing Organization (DMO)/Comprehensive Plan for all functions
5. Mix grants – capacity vs on-going (balance)
6. New capacity vs on-going capacity activities
7. Grants – accountability and reporting
8. Matching funds for grants
9. All funding should not be through grants

**City of Newberg**  
**Transient Lodging Tax**  
**Revenues and Uses Analysis**  
*Prepared December 19, 2016*

	2015-16	2016-17		2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Dec '16 Project	Projection	Projection	Projection	Projection

**Annual Tax Revenue Calculation**

Gross Operator Receipts	11,137,803	11,994,410	11,864,684	12,220,625	12,587,244	12,964,861	13,353,807
Year over Year % growth	8.304%	5.0%	6.53%	3.0%	3.0%	3.0%	3.0%
		<i>increase over 2015-16 budget</i>	<i>increase from 2015-16 actual*</i>	<i>YOY increase over 16-17 projections</i>			
Net City Receipts **							
6% tax	634,855	683,681	676,287	696,576	717,473	738,997	761,167
3% tax	317,427	341,841	338,143	348,288	358,736	369,499	380,583
Adjustments****	(293)						
Total Tax Revenue	951,989	1,025,522	1,014,430	1,044,864	1,076,209	1,108,496	1,141,750

**Restricted Tourism Spending Calculation**

17.6%	111,683	120,328	119,027	122,597	126,275	130,063	133,965
70%	222,199	239,289	236,700	243,802	251,115	258,649	266,408
Restricted Tourism Revenue	333,882	359,617	355,727	366,399	377,390	388,712	400,373

Beginning Fund Balance -Restricted for Tourism	-	207,113	148,896	367,972	593,594	825,957	1,065,264
Revenues							
Tax Revenue-Restricted for Tourism	333,882	359,617	355,727	366,399	377,390	388,712	400,373
Tax Revenue-City Services	618,107	665,905	658,703	678,465	698,819	719,784	741,377
Interest Revenue-Restricted for Tourism	545	897	897	897	897	897	897
Interest Revenue-City Services	1,012	1,667	1,667	1,667	1,667	1,667	1,667
Total Revenues	953,546	1,028,086	1,016,994	1,047,428	1,078,773	1,111,060	1,144,314
Expenses							
Restricted for Tourism							
Visitor Center ***	137,000	137,548	137,548	141,674	145,924	150,302	154,811
TLT Plan	48,531	-	-	-	-	-	-
Unallocated Tourism Activity	-	431,746	-	-	-	-	-
City Services (Transfer to General Fund)	619,119	665,905	660,370	680,132	700,486	721,451	743,044
Total Expenses	804,650	1,235,199	797,918	821,806	846,410	871,753	897,855
Net Annual Revenue	148,896	(207,113)	219,076	225,622	232,363	239,307	246,459
Ending Fund Balance-Restricted for Tourism	148,896	-	367,972	593,594	825,957	1,065,264	1,311,723

\*\* City Tax is applied to Gross Operator Receipts. Operators are allowed to retain 5% of that tax and submit 95% of the tax to the City.

\*\*\* 0.4% CPI-W for 2016-17 (actual figure) and assumed 3% CPI-W 2017-18 through 2020-21 Visitor Center payments.

\*\*\*\* Reconciling differences between online operator payments