City of Philomath
980 Applegate Street
PO Box 400
Philomath, OR 97370
Phone: 541-929-6148
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Mission: To promote ethical and responsive municipal government which provides its citizenry with high quality municipal services in an efficient and cost effective manner.

FINANCE/ADMINISTRATION COMMITTEE

City Hall
980 Applegate St., Philomath, OR

A G E N D A

August 26, 2020
4:00 PM

1. **ROLL CALL**

2. **APPROVAL OF MINUTES**
   2.1 Minutes of July 22, 2020

3. **NEW BUSINESS**
   3.1 CARES Act Small Business & Social Service Agency Grant Programs

4. **OLD BUSINESS**
   4.1 Evaluation Processes for City Manager, Attorney and Municipal Judge
   4.2 Transient Lodging Tax discussion: Council Objective 2.3.4

5. **ADJOURNMENT**

Meeting Access Information

This meeting is being held in person, but with limited attendees due to social distancing requirements. Citizens may watch the live feed of the meeting on the City's Facebook page. Contact City Hall to make viewing arrangements if you do not have access to internet.

NOTICE: Given 2 business days' notice, an interpreter will be made available for the hearing impaired or those with limited English proficiency. Contact person: Ruth Post (541) 929-6148.

FINANCE & ADMINISTRATION COMMITTEE
Minutes
July 22, 2020

Chair David Low called the meeting to order at 3:00 p.m. Due to the COVID-19 pandemic state of emergency, members of the Committee and staff attended by videoconference. The public was also provided with log-in instructions to listen and observe the meeting electronically.

ROLL CALL:
Committee: City Councilors Matt Lehman, Chas Jones and David Low.
Staff: City Manager Chris Workman, Finance Director Joan Swanson, and City Recorder Ruth Post.

APPROVAL OF MINUTES
2.1 June 16, 2020 Minutes - Councilor Lehman moved, Councilor Jones second, to approve the June 16, 2020 minutes as presented. Motion APPROVED 3-0 (Yes: Jones, Lehman and Low; No: None).

NEW BUSINESS
3.1 Irrigation rate designation request for Skirvin Park - Mr. Workman directed the Committee to the memorandum in the agenda packet. He reviewed the history of the irrigation rate for City and school fields that was established approximately 20 years ago. He addressed questions that were raised at the July 13 Council meeting. There was discussion about possible policy issues that the Committee could address, including calculation of the per unit rate. Ms. Swanson discussed variables in calculating the cost basis for a unit of water. Mr. Workman reviewed the number of City and school water meters with the irrigation rate assigned and the impact any rate change would have on the City's General Fund and School District budgets. There was discussion about the relationship between the City and School District and recent projects that have involved cooperation between the two.

There was continuing discussion about the irrigation rate and possible scenarios involved in a rate change. Mr. Workman described the field facilities that the School District provides and makes available to the public and the field needs that PYAC has. There was discussion about the irrigation rate being limited to the summer months and the distinction of the other meters that serve inside facilities. There was discussion about the potential impact of reduced usage by the School District if in-person school is unable to happen this fall.

There was discussion about the options for determining a rate. Ms. Swanson reminded the Committee that the specific ask was for the irrigation rate assignment to the Frolic Association at Skirvin Park. There was discussion about the historical amount of usage by the Frolic and anticipated reduction now that the caretaker dwelling is being removed, irrigation reduced and a leak being resolved.

There was discussion about the agreement between the Frolic and PYAC with regard to the water usage and future potential usage by the Frolic. Councilor Jones had concerns about the decision-making process not correlating with the Strategic Plan and potential additional asks by other organizations. Mr. Workman identified the benefits of PYAC in providing youth sports to Philomath and relieving the City of needing to provide those types of park and recreation services.

DRAFT

Councilor Lehman recommended installation of a separate water meter to service the ball fields or establish a usage cap to define that the irrigation rate is specifically for the PYAC usage. Councilor Low questioned the endorsement of PYAC over other non-profit agencies. There was discussion about the value of PYAC and savings to the City in recreation costs.

There was discussion about the amount of usage by the School District. Ms. Swanson recommended evaluating the irrigation rate when the other utility rates are reviewed early next year. Mr. Workman posed different models for providing funding to organizations like the School District, PYAC and Frolic for services provided to the community and to address transparency issues. There was discussion about transparency and fees. There was discussion about the rate schedules that are reviewed annually.

There was discussion about impacts on the revenues if the irrigation rate changes. Councilor Lehman described the importance of the irrigation rate being assigned to only appropriate meters to ensure transparency. There was discussion about the ability of the public to access the PYAC fields when they're not otherwise being used. Mr. Workman described the investment that the PYAC Board is considering for the two new fields at Skirvin Park.

There was discussion about parking at Skirvin Park and the orientation of the fields to allow parking on the outfields during the Frolic in July.

Councilor Low recapped the overall conversation, including the installation of a dedicated irrigation meter at the ball fields and future analysis of the irrigation rate.

Councilor Jones suggested charging PYAC a new higher rate and felt there was too much advocacy on the part of staff. Mr. Workman agreed he was advocating for PYAC and noted the reasons why he was advocating for PYAC and other local organizations. There was discussion about the process of reviewing issues and answering Council's questions. Councilor Low suggested considering tying the Strategic Plan into the discussion about support for the School District and PYAC. Mr. Workman described a greater conversation to be held with the District about community services.

Mr. Workman agreed that he would make adjustments to the resolution based on the Committee's feedback to bring back to the Council. There was discussion about adding a cap to the monthly usage allowed. It was agreed to put a 1,000 units per month cap into the resolution.

3.2 Annual independent auditor for FY 2019-2020 - Ms. Swanson reviewed the impact of COVID-19 on audit services and the limited firms qualified and available to perform the audit. She reviewed the history of previously working with Grove, Mueller, Swank and the recommendation to retain them for the 2019-2020 audit. She reviewed the timeline for closing the books and completing the audit.

There was discussion about a multi-year contract and about the impact COVID-19 will have on performing the audit. There was discussion about the estimate range the firm provided and determination of the final cost. There was discussion about the savings to the City because of Ms. Swanson's ability to prepare the year-end financial documents because she is a licensed CPA and that a future finance director might not have those skills.

MOTION: Councilor Jones moved, Councilor Lehman second, to approve retaining Grove, Mueller & Swank to perform the independent audit this year. Motion APPROVED 3-0 (Yes: Jones, Lehman and Low; No: None).

DRAFT

Councilor Low requested the Transient Lodging Tax and City Manager's evaluation format be discussed at the next Finance & Administration Committee meeting. It was agreed to set an August meeting date.

Meeting adjourned 4:34 p.m.

Meeting recorded by Ruth Post, MMC, City Recorder

DRAFT

Agenda Item #3.1
Meeting Date: 8/26/2020

Philomath Finance/Admin Committee
Agenda Item Summary

Title/Topic: CARES Act Small Business & Social Service Agency Grants

Meeting Date: August 26, 2020
Issue Lead: David Low
Staff: City Manager Chris Workman

ISSUE STATEMENT
Shall the Finance Committee recommend changes to the current performance evaluation processes for the city manager, city attorney and municipal judge positions?

BACKGROUND
Councilor Low has provided the following discussion road map for the CARES Act funding:

Summary Council action taken at 8/10/2020 meeting

Three approved motions:

1) $18,500 city expenses incurred to date
2) $20,000 to Vina Moses for utility relief and other COVID related expenses to help the needy
3) Start a Small Business Relief Program & a Social Service Relief Program with a 70/30 split, respectively. Per staff approximately $95K available to be split.

Council charge to F&A Committee develop recommendations for the Council to act upon at the 9/14/20 meeting

Discussion

Staff will provide us with updated data, information, and thoughts to inform our decisions. If staff follow the itemization below, those questions can be addressed in an orderly way while providing additional information.

1) **Utility Relief & OCR**
2) **Questions**

Utility Relief

- Eligibility Questions
- Application process
- Customer notification
- Future delinquent customers

Other COVID Related Expenses (OCR)

- Is the $20K donation solely to the Fish Program under Vina Moses or is there another program of Vina Moses we should specify for (OCR) expense?
- Do we have specific guidance we wish to give for OCR?

- Is there a percentage split we want to recommend for utility relief versus OCR?
- Does it make more sense to move OCR to the Social Service Relief Program?

3) Small Business Relief

- Definition of small business?
- Types of business: Retail, commercial, manufacturing, restaurants, insurance agencies, local professionals, e.g. CPA's, investment advisors, etc.
- Chamber of Commerce helpful?
- Geographic eligibility? Only within city boundary, within UGB, within Philomath zip code?
- Branches of businesses with headquarters elsewhere?
- Application criteria?
- Process to make qualifying business aware they are eligible.
- What if program not successful? Too successful?

4) Social Service Relief (Round2)

- Use system established following recent social service agency awards?
- Allocation of 30% approved by Council?
- Eligible 501(c)(3)s?
- Delinquent rent, mtg. payments, utilities, & other COVID related expense

Staff have prepared draft applications for the Small Business Grant and the Social Service Organization Grant. They are included as attachments A and B. They include recommendations for many of the questions posed by Council Low. All items are open for discussion and changes –these are merely meant to provide structure and recommendations to give a starting point for conversation.

COMMITTEE OPTIONS

1. Direct Staff on Utility Relief specifics so staff can provide needed information to Vina Moses and issue them a check.
2. Approve the Small Business and Social Services grant application forms as presented or as modified by the Committee and direct staff to begin promoting the programs.
3. Provide additional insights or recommendations within the constraints already provided by the City Council.

RECOMMENDED MOTION

N/A

ATTACHMENTS

A. *Small Business Grant Application*
B. *Social Service Grant Application*

September 23, 2020

Owner name
Owner address
Philomath, OR 97370

Account:
Service address:

Dear Customer:

The City of Philomath has received a COVID-19 grant that we can use to help customers pay their past due balances. Vina Moses is a nonprofit organization that will help facilitate the disbursement of these funds for the City.

As of September 21st, 2020 your past due utility bill is $xxxxx

If you would like Vina Moses to make a one-time payment on your utility account that will bring your balance to $0, please contact them at (541) XXX-XXXX.

If you have any questions regarding this notice please contact Joan Swanson, Finance Director at Joan.Swanson@PhilomathOregon.gov or (541) 929-3001.

Thank you,

Julie Nunez
Utility Billing Clerk
Julie.Nunez@PhilomathOregon.gov
(541) 929-3501

CITY OF PHILOMATH
980 Applegate Street
PO Box 400
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www.ci.philomath.or.us

SMALL BUSINESS ASSISTANCE GRANT

PURPOSE

To help mitigate the impact of COVID-19 on businesses and their employees within Philomath, the City has committed up to $66,500 in one-time funds to create a Small Business Assistance Grant Program.

The objective of this program is to offer immediate financial assistance to small businesses within the City. Awards will be made on a first come, first served basis. Applications will be received until funding is exhausted.

The criteria for the grant is based on guidance from the US Treasury Department.

QUALIFICATIONS

To qualify for assistance, a business must:

- Complete this application and provide a copy of their W-9
- Be located within the city limits of Philomath
- Have no more than 15 Full-time equivalent, non-owner employees as of March 1, 2020
- Have no outstanding City related liens, fees or code enforcement cases
- Be willing to provide a letter to the City stating that all funds provided were used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) incurred between March 1, 2020 and December 30, 2020.

ASSISTANCE AMOUNT

Minimum grant award: $1,000
Maximum grant award: $5,000

APPLICATION SUBMITTAL

Return this completed application and a copy of your W-9 by mail:

ATTN Small Business Assistance Grant
PO Box 400
Philomath, OR 97370

or in the City Hall drop box at 980 Applegate St., Philomath

or via email to the City Manager at chris.workman@philomathoregon.gov.

For questions, call 541-929-6148.

Consult your licensed tax consultant regarding the tax status of these funds.

SMALL BUSINESS ASSISTANCE GRANT APPLICATION

SECTION 1: APPLICANT CONTACT INFORMATION

Business Name: _____

Business Mailing Address: _____

Primary Contact Name: _____

Primary Contact Phone:_____ E-mail: _____

SECTION 2: APPLICANT REQUEST

How many non-owner employees were on your payroll as of March 1, 2020: _____

What are the main services or products your business provides?

_____

_____

How was your business affected by the government-ordered mandatory change in service?

_____

_____

If awarded, what business-related expenses will you be using these funds for?

_____

_____

SECTION 3: SIGNATURE

By submitting this application (please initial each box):

- ☐ I certify that all of the foregoing grant application information is true and correct; and
- ☐ I have provided a current copy of my W-9 (All checks are payable to the name listed on the W-9).
- ☐ I agree to provide a letter to the City Manager stating that all funds provided were used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) incurred between March 1, 2020 and December 30, 2020.
- ☐ I understand and agree that I am subject to a random audit by the City of Philomath to ensure my compliance with all grant program requirements; and
- ☐ I agree to repay the City the entire amount of the grant funds I receive if any of the information I submitted is false or if I fail to follow all grant program requirements; and
- ☐ I acknowledge that I may be subject to criminal prosecution for Unsworn Falsification if I knowingly provide any false information in connection with this application. [ORS 162.085]

_____ _____

Authorized Signature Date

CITY OF PHILOMATH
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SOCIAL SERVICE AGENCY ASSISTANCE GRANT

PURPOSE

To help mitigate the impact of COVID-19 on businesses and their employees within Philomath, the City has committed up to $28,500 in one-time funds to create a Social Service agency Assistance Grant Program.

The objective of this program is to offer immediate financial assistance to social service organizations that provide services directly to Philomath residents. Awards will be made on a first come, first served basis. Applications will be received until September 25, 2020.

The criteria for the grant is based on guidance from the US Treasury Department.

QUALIFICATIONS

To qualify for assistance, an agency must:

- be recognized as a non-profit by the Federal Government with a 501(c)(3) tax-exempt status certification.
- Submit the completed application
- agree to provide a letter to the City stating that all funds provided were used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) incurred between March 1, 2020 and December 30, 2020.

APPLICATION SUBMITTAL

Return this completed application by mail:

ATTN Social Service Assistance Grant
PO Box 400
Philomath, OR 97370

or in the City Hall drop box at 980 Applegate St., Philomath

or via email to the City Manager at chris.workman@philomathoregon.gov.

For questions, call 541-929-6148.

SOCIAL SERVICE AGENCY ASSISTANCE GRANT APPLICATION

SECTION 1: APPLICANT CONTACT INFORMATION

Business Name: _____

Business Mailing Address: _____

Primary Contact Name: _____

Primary Contact Phone:_____ E-mail: _____

SECTION 2: APPLICANT REQUEST

Requested funding amount: _____

Is the organization a 501(c)(3) tax-exempt non-profit? Yes ☐ No ☐

Type of services your organization provides that benefit Philomath residents: _____

_____

_____

Describe how your agency has been impacted by the COVID-19 pandemic: _____

_____

_____

Intended use of requested funding: _____

_____

_____

SECTION 3: SIGNATURE

By submitting this application (please initial each box):

☐ I certify that all of the foregoing grant application information is true and correct; and

☐ I agree to provide a letter to the City Manager stating that all funds provided were used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) incurred between March 1, 2020 and December 30, 2020.

☐ I understand and agree that I am subject to a random audit by the City of Philomath to ensure my compliance with all grant program requirements; and

☐ I agree to repay the City the entire amount of the grant funds I receive if any of the information I submitted is false or if I fail to follow all grant program requirements; and

☐ I acknowledge that I may be subject to criminal prosecution for Unsworn Falsification if I knowingly provide any false information in connection with this application. [ORS 162.085]

_____ _____

Authorized Signature Date

Agenda Item #4.1
Meeting Date: 8/26/2020

Philomath Finance/Admin Committee
Agenda Item Summary

Title/Topic: Evaluation Processes

Meeting Date: August 26, 2020
Issue Lead: Unassigned
Staff: City Manager Chris Workman

ISSUE STATEMENT
Shall the Finance Committee recommend changes to the current performance evaluation processes for the city manager, city attorney and municipal judge positions?

BACKGROUND
Performance evaluations can play an important role in ensuring there is good, open communication between the city council, city manager, city attorney and municipal judge.

City Attorney
The last evaluation by the city council of the city attorney was completed in 2014. It was a 2-page form that used a 5 point number scale and provided space for council members to write in specific comments. I would argue not a lot has changed as far as the retainer agreement, staffing levels, expectations, etc. The biggest change is really the makeup of the council – different evaluators. I believe it would be a good exercise to go through as it may open up areas for discussion and identify areas where the city attorney's office can better serve the council's needs. Attachment A is the City's current evaluation form for the city attorney.

Municipal Judge
Larry Blake has been the city's municipal judge since 2000. Because the city council and municipal judge rarely cross paths (some councilors drive through town faster than others), it makes it difficult for the council to perform an evaluation on the judge. There is a "model" evaluation form provided by the International City Manager's Association that I've included as Attachment B; however, my recommendation would be to not do a formal evaluation. Instead, I think it would be productive to invite the judge to a Council work session to discuss what is working well, what could be improved, trends and upcoming concerns, etc. Such a work session should be held at least every couple years. It should be noted that besides having a great judge that is employed and highly sought after by many other jurisdictions in the valley, we have highly trained and experienced court clerks that interact with the judge on a very regular basis. If there were concerns with how the court was being run, we would first hear about it from our court clerks.

City Manager
The city manager evaluation takes place annually in December. We have moved from paper copies to a digital version over the past few years which allows for more comments from councilors. In looking at various evaluation forms over the last several months, most traditional forms hit on the same primary areas: financial management, budgeting, leadership, policies and planning, community relations, communication, intergovernmental relations, city council relations, management style, etc.

Several recent articles, similar to the article by Scott Lazenby included in a previous meeting packet, argue for doing away with traditional evaluations and replacing them with setting clear, achievable, and meaningful goals for the city manager. Lazenby cites Daniel Pink's book, Drive, which identifies the three most powerful motivators for all people: autonomy, mastery, and purpose. Lazenby argues that, "As a city council, you can push every one of these buttons by saying, 'Our common vision is to make out community a better place (purpose), and we can do this if you help us achieve these goals (mastery), and we leave it up to you and your staff to get there (autonomy).'"

The city council has worked diligently over the past three years at creating a strategic plan for the city, with goals, objectives, and specific action items updated annually. Staff has transitions to using this strategic plan as our playbook, setting our workload and project timeframes around the council's expectations as outlined in the strategic plan. As we've become better at utilizing he strategic plan in this way, making sure it is relevant and being careful not to overestimate how much can realistically be accomplished in any given year, I think it is appropriate to attempt to move forward in tying the city manager evaluation more closely to the strategic plan.

If the Committee is in agreement with this approach, I will create a new evaluation form that reflects each goal of the strategic plan and assesses how successful the city manager has been at moving the city toward completion of action items and objections identified in the strategic plan. I will change the format to that of an online survey that can be completed online (paper copy option could still be provided if requested). This will reduce the amount of time it takes to complete the survey, as well as the amount of time it take to compile the results.

I also considered the issue of when to complete the evaluation. Each December you have the issue of outgoing council members and each January you have the issue of new council members. If the proposed charter amendments change the term limits, this will dampen both of these concerns, but that outcome is unknown at this time. The Strategic Plan is updated in November/December and approved in January each year. My recommendation would be to continue to perform the evaluation in December, but to revisit this issue after the vote on the charter amendment.

COMMITTEE OPTIONS

1. Forward recommendations on how to proceed with evaluations to the Council
2. Take this issue up again once the new city manager evaluation survey is complete
3. Request additional information from staff

RECOMMENDED MOTION

N/A

ATTACHMENTS

A. *City Attorney current evaluation form*
B. *Municipal Judge sample evaluation form*

PERFORMANCE EVALUATION
CITY ATTORNEY

EVALUATION DATE: _____

EVALUATION CONDUCTED BY: Philomath Mayor and City Council

Consider each standard and express your rating by using the appropriate symbol:

5 = Exceptional	2 = Below expectations
4 = Exceeds expectations	1 = Unacceptable
3 = Acceptable	X = Not observed

If a "1" is given in any category, please explain.

1. **ATTENDANCE**
   Council meetings _____

   Committee meetings _____

   Explanation:

   _____

   _____

   _____

2. **CIVIL LITIGATION**
   Thoroughness of preparation _____

   Keeping Council advised _____

   Willing to consider Council suggestions _____

   Explanation:

   _____

   _____

   _____

3. **LEGAL SERVICES**

To City Council		___
Responses to telephone calls		___
Timely response to Council questions		___
Perceived quality/usefulness of responses		___
Knowledge of:	Municipal law	___
	Administrative law	___
	Contract law	___
	Land use law	___
	Other municipal laws	___
	City ordinances	___
	State statutes	___

4. **OTHER LEGAL SUPPORT provided by City Attorney's office:**

Planning Commission	_____
Municipal Court	_____

OTHER COMMENTS:

_____

_____

_____

_____

Based upon your overall evaluations, what areas would you like to see the City Attorney work on to be even more effective? Please be as specific as possible.

_____

_____

_____

_____

Signature:

Date:

Municipal Court Judge Performance Evaluation

INSTRUCTIONS: Place a check mark on the line underneath the number you think is appropriate for each item. The numerical rating (1 through 4) is an effort to quantify opinions and judgement about specific management responsibility. While subjective, it suggests a useful emphasis or relative degree of acceptability. Please use the comment space to record specific comments on each point. Use the back of the form if more space is needed.

1 - Not making progress toward expectations; 2 - Making progress toward expectations; 3 - Meets expectations; 4 - Exceeds expectations; 5 - Not observed.

Professionalism	1	2	3	4	5	Comments
Projects a professional and positive image						
Courteous to public and staff at all times						
Controls emotions effectively in difficult situations						
Involved in community events and professional organizations						

City Council Relationship	1	2	3	4	5	Comments
Provides accurate and sufficient information to City Council to highlight criminal justice trends and needs in our community						
Provides annual data on Court proceedings for budget preparation and Judge evaluation						
Effectively assists the City Council in understanding and addressing issues facing Municipal Court						

Communications	1	2	3	4	5	Comments
Communicates effectively with Police Department and City Attorney's Office						
Oral communications are clear, concise and accurate						
Written Communications are clear, concise and accurate						

Court Administration	1	2	3	4	5	Comments
Creative in developing practical solutions to problems faced in the course of work						
Keeps current on changes in local, state and federal laws affecting Municipal Court						
Manages uncollected fines						
Shows consistency in courtroom proceedings						
Proposes in a timely manner a balanced and well prepared budget document						
Encourages training for professional staff						
Court begins on time and proceedings are conducted in a timely manner						
The operation of court appears organized						

Based on your overall evaluation of the Municipal Judge, what would you list as strong points.

___ Knowledge and understanding of the laws
___ Respectful and educated approach to all cases
___ Facts of all cases
___ Professionalism
___ Genuine compassion and caring of people appearing in court
___ Humane and fair

Based upon your overall evaluation, what areas would you suggest the Municipal Judge work on to improve skills or to be more effective. Please be as specific as possible.

___ Time Management
___ Delegate social service issues to the proper agency
___ Better reporting of Court activities

What goals and expectations do you have for Municipal Court for the coming year?

Mayor: _____ Date: _____

Municipal Judge: _____ Date: _____

Agenda Item #4.2
Meeting Date: 8/26/2020

Philomath Finance/Admin Committee
Agenda Item Summary

Title/Topic: Transient Lodging Tax Information

Meeting Date: August 26, 2020
Issue Lead: Unassigned
Staff: City Manager Chris Workman

ISSUE STATEMENT
Shall the Finance Committee recommend pursuing a transient lodging tax (TLT)?

BACKGROUND
Transient lodging taxes (TLTs) are taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. The state regulations governing lodging taxes in Oregon can be found in ORS 320.300 to 320.350.

The bill establishing the state lodging tax, HB 2267, also placed restrictions on local lodging taxes, which are still in place today. These restrictions include:

- 70% must be used for tourism promotion or tourism-related facilities
- 30% is unrestricted in use

I brought this issue to the Finance/Admin Committee in February 2020. The committee members expressed favorable comments about pursuing a TLT and requested staff look into working with Corvallis and developing a list of potential uses of the funds.

I spoke with Corvallis Finance Director Nancy Brewer about their TLT program. Corvallis has an agreement with Benton County that they collect the TLT for the County and the County provides auditing services. She recommended looking at the Corvallis ordinance for specific language related to VRBOs and AirBnBs. She recommended looking at the Department of Revenue for collection service, stating that once DOR goes live with its program, Corvallis is likely to use them to collect TLT rather than continue to do it in house. She was very reluctant to commit to collecting the tax for the City, but recognized it would be a fairly simple process since Corvallis would already be collecting tax for Benton County on properties within the city.

Use of Funds
Under HB 2267 (2003), codified in ORS 320.350, local governments that impose a new TLT after July 1, 2003, may only expend TLT revenue in three ways:

(1) For “tourism promotion” or “tourism-related facilities” as those terms are defined in ORS 320.300;
(2) For city and county services; or
(3) To finance or re-finance the debt on tourism-related facilities and pay associated administrative costs, with some restrictions.

In addition, if the local government imposes a new tax, it must comply with the 70/30 distribution and the 5 percent collector reimbursement deduction.

By definition, tourism-related facilities are conference centers, convention centers, visitor information centers, or 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.

In short, funds could be used to support a visitor's center, promote tourism related programs, and make improvements to tourism facilities such as the rodeo grounds. The Frolic & Rodeo is completing a facilities master plan that identifies and prioritizes improvements such as public restrooms with ADA compliance, expanded beer garden and meeting areas, new grandstands with greater capacity, and other improvements that would improve or expand the tourism. The City could also look at installing wayfinding signs and other tourist-related projects in the downtown area.

Timing

According to the guidebook, Legal Guide to Collecting Lodging Tax in Oregon, produced by the League of Oregon Cities and updated in 2020:
"The Legislature amended ORS 305.620 to allow the Oregon Department of Revenue (DOR) to collect local TLTs on behalf of cities. Under that amendment, the DOR is permitted to collect local TLTs if a city and the DOR enter into an intergovernmental agreement and the DOR recoups their administrative costs. For such a collection effort to occur, a city's collection and accounting practices must be coordinated with collection and accounting procedures used by the DOR. The League anticipates that the intergovernmental agreement for TLT collection will closely resemble the model intergovernmental agreement used by the DOR to collect local marijuana taxes. Before the DOR can enter into agreements and begin collection for local governments, the DOR must alter their own state collection processes and tax forms (currently segregated by 10 regions across the state, rather than by city and county).

In addition, their computer system will need to be revised to distribute the taxes appropriately to the correct local government taxing districts. The up-front costs are estimated at $900,000. The League is working with the DOR and the Legislature on a payment method and anticipates a bill in the 2019 legislative session to help resolve that issue. The Legislature also amended ORS 320.332 in 2017, which authorizes cities and the DOR to share confidential TLT information with one another to improve the abilities of state and local governments in collecting TLTs. The DOR has not begun sharing information but is expected to adopt rules in consultation with local governments soon that establish the process for making requests and provide forms for records requests."

It seems prudent to keep TLT as a Council goal, but until DOR is prepared to assist in collecting the tax, my recommendation is to either table to issue.

COMMITTEE OPTIONS

1. Table the TLT discussion until DOR is prepared to assist in collecting
2. Direct Staff to bring an ordinance to the Committee for consideration

RECOMMENDED MOTION

N/A

ATTACHMENTS

None