



A place where families and businesses thrive.

CITY RECORDER USE ONLY:

AGENDA ITEM #: _____

MEETING DATE: _____

FINAL ACTION: _____

CITY COUNCIL STAFF REPORT

WORK SESSION:

TO: City Council

FROM: Jesse VanderZanden, City Manager

MEETING DATE: April 24, 2017

PROJECT TEAM: Jeffrey King, Economic Development Manager

SUBJECT TITLE: Introduce and Review Preliminary Recommendations of the Transient Lodging Tax Ad-Hoc Advisory Group

ACTION REQUESTED:

☐ Ordinance	☐ Order	☐ Resolution	☐ Motion	☒ X	☐ Informational
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X all that apply

BACKGROUND:

In July, 2016, Washington County amended their Transient Lodging Tax (TLT) ordinance to allow local municipalities to keep 100% of a locally levied TLT above the existing County and State TLT. In a work session on October 10th, and a presentation at a Council meeting on October 24th, consensus was attained on the composition, purpose, timeline and scope of a TLT Ad-Hoc Advisory Group. On November 14th Council approved a resolution formally establishing a temporary Forest Grove TLT Ad-Hoc Advisory Group and set a time for presentation to City Council of their findings. For each 1% in additional TLT, Forest Grove would accrue approximately \$40,000 per year in additional revenue.

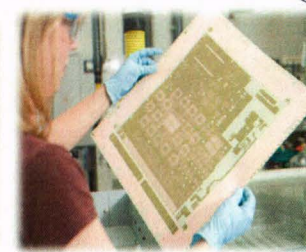
The Forest Grove Transient Lodging Tax Advisory Group held seven meetings beginning in January 2017. The group took a deliberative approach which included an analysis of collateral marketing materials, web search, existing goals and objectives, Forest Grove Branding Guide, Forest Grove hotel operations and needs, regional competitor hotel pricing, and alternative organizations for a potential tourism coordinator. Special attention was made to understand the hotelier industry and the impacts a potential TLT would have on them. The TLT Advisory Group prepared preliminary recommendations for Council consideration and which comprise the main topic(s) of the Work Session.

STAFF RECOMMENDATION:

Seek Council discussion, feedback and next steps on TLT Ad-hoc Advisory Group findings and recommendations.

ATTACHMENTS:

- 1) Council Resolution authorizing Ad-Hoc TLT Advisory Group
- 2) TLT Preliminary Recommendations
- 3) TLT Work Session Powerpoint



Transient Lodging Tax (TLT)

City Council Work Session
Steve Vuylsteke, Sake One
Jeff King, Economic Development Manager
April 24, 2017

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Purpose of tonight's presentation

- The purpose of tonight's presentation is to review and discuss the preliminary recommendations of the Transient Lodging Tax (TLT) Ad-Hoc Advisory Group and to receive feedback from the City Council on how to proceed.

TLT –Recap

- State law defines the TLT as taxes “imposed on any consideration rendered for sale, service or furnishing of transient lodging.”
- Local governments are required to spend 70% of net revenue for specified tourism related purposes. Not more than 30% can be used for municipal services.
- ORS 320.300 and 320.350 define tourism related purposes as:
 - Tourism-Related facility;
 - The finance or refinance of debt for a tourism-related facility; and
 - Tourism Promotion
 - Advertising or publicizing information
 - Strategic planning or research
 - Operating tourism promotion agencies
 - Marketing special events and festivals

TLT –Recap

- In July 2016, Washington County amended their TLT ordinance to allow local municipalities to establish and keep 100% of an additional local TLT of which at least 70% must be spent on tourism related purposes.
- Washington County imposes a 9% TLT on lodging. In addition the state of Oregon passed a 1.8% TLT bringing the total for Washington County to 10.8%. This compares to 15.8% in Portland.
- The City of Beaverton passed a 4% TLT in October, 2106, to fund a Beaverton Center of the Arts. Beaverton's TLT is now 14.8%.
- Each 1% increase in TLT in Forest Grove equals \$40,000

TLT –City Council Recap

- TLT consideration is in support of City Council Goal 3.24 to establish a public-private working (advisory) group for tourism promotion in collaboration with the Forest Grove/Cornelius Chamber of Commerce
- TLT work plan introduced to City Council at October 10th Work Session. Purpose, scope, and Ad-Hoc group membership discussed and refined.
- Staff made presentation to City Council on October 24th. Work Plan revised further.
- City Council passed Resolution # 2016-62 on November 14th, 2016, establishing a Temporary TLT Ad-Hoc Advisory Group and defining scope and purpose of group.

TLT –City Council Recap

Purpose of TLT Ad-Hoc Advisory Group: to determine if implementation of a TLT will enhance tourism in Forest Grove.

Scope of TLT Ad-Hoc Advisory Group: to consider programs and/or projects that may enhance tourism in Forest Grove and to consider establishing a TLT in support of those programs and/or projects. Make recommendations to City Council within 120 days.

Membership of TLT Ad-Hoc Advisory Group (13 members)

- 3 Hotel/Lodging
- 2 Chamber of Commerce including 1 from downtown
- 1 Local Independent Restaurant
- 1 Local Winery
- 1 Combination Wine Store/Restaurant
- 2 Outdoor Recreation including 1 Bicycling representative
- 1 Arts & Culture
- 1 Tourism at-large

TLT Ad-Hoc Advisory Group Overview

- Held seven meetings over the course of three months.
- Meetings lasted 1.5 - 2 hours each, not counting homework.
- Steve Vuylsteke, Sake One, was chosen as Chair. Lois Hornberger, Pacific University, was chosen as Vice-Chair.
- Oregon Restaurant & Lodging Association attended and was complimentary of process.
- All members were active participants, including hotels.
- All recommendations were voted on and approved unanimously.

TLT Ad-Hoc Advisory Group Overview

- Process was deliberative and transparent.
- Included analysis and review of the following:
 - All Forest Grove collateral marketing materials
 - All tourism websites including all search engines
 - Tourism goals and objectives, public and private
 - Forest Grove Branding Guide
 - Forest Grove hotel operations, needs, and competitor pricing
 - Who and how tourism promotion is currently performed for Forest Grove and likewise, who and how to best provide tourism promotion for Forest Grove.

TLT Ad-Hoc Advisory Group Overview

Tourism is BIG in Washington County

- Total Direct Travel Spending \$569.2 million
- Visitor Spending by Commodity
 - Accommodations \$118.7 million
 - Food Service (Restaurants) \$186.5 million
 - Arts, Ent & Rec \$58.7 million
 - Retail Sales \$93.8 million
- Industry Earnings Generated by Travel \$200.4 million
- Direct Industry Employment 7,490 jobs
- State and Local Government Revenue \$32.6 million
- Overnight Visitor Volume(person nights) 7.88 million
 - Hotel/Motel 1.82 million
 - Private Home 5.9 million
- Average Expenditures per trip for overnight visitors \$314 (\$585 in hotels)

TLT Advisory Group Overview: FG Assets

In 2009, FG engaged a nationally known consultant to prepare a Forest Grove Tourism Brand Strategy and Guidelines.

The Strategy showed:

- Forest Grove has the best leisure tourism assets in WA County.
- There are significant undeveloped opportunities to grow the tourism sector.

Some of the key advantages of Forest Grove are:

- Wineries along with Sake, hard cider, breweries and spirits. Number of wineries in close proximity, wine trails, their history and heritage, popular winemakers.
- A Historic College Town: our stories and people, distinctive architecture, attractive college campus and village feel.
- Outdoor Recreation: outstanding forest trails, lakes and wetlands that are ideal for hiking, cycling, camping, birding, fishing and boating.
- Community Events: our distinctive, colorful events that reflect the cultural and fun-loving nature of the community.

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TLT Advisory Group Overview: FG Assets

Other complementary assets include:

- History and Heritage including historic districts, pioneers and innovators
- Pacific University
- McMenamins Grand Lodge Resort
- Growing Culinary and Agri-tourism amenities: farm-fresh products and an emerging diverse restaurant scene.

Core Identity Themes:

- Fun, Enriching
- Relaxing, Innovation

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TLT Advisory Group Findings:

- FG is falling short on tourism promotion.
- There is no dedicated funding for personnel or marketing specifically for tourism.
- Existing projects and marketing collateral materials are the result of unstable funding streams, i.e., one-time grants and episodic fundraising.
- No coordinated and single portal for tourism efforts, promotion, or tourism related events.
- Overreliance on same volunteers who get “burnt-out”.
- Tourism is a unique form of business development that requires a special skill set to perform well.

TLT Advisory Group Recommendation:

- Establish a 2% TLT (\$80,000/year) to fund a Tourism Program consisting of four parts, each to follow in detail.

TLT Advisory Group – Program #1

Hire a Tourism Coordinator
\$44,000/year

- 1/2 time position 20 hours a week
- Point person to coordinate Forest Grove tourism initiatives both internally and externally to City
- Position reports to WCVA executive director as a WCVA employee
- Oversight of Tourism Coordinator and Tourism Program by small local tourism committee
- Report presented to City Council 1-2 times per year

TLT Advisory Group –Program #2

Establish a Promotion/Marketing Fund \$15,000/year

- Supports new and existing marketing and promotion initiatives that supports growth of tourist visits and overnight stays. Fills funding gaps for existing collateral materials.

TLT Advisory Group –Program #3

Establish a Capital Projects Fund
\$10,000/year

- Funds are for investment in physical assets that support and promote tourism.

TLT Advisory Group –Program #4

Innovative Projects/Events Development Fund
\$9,000/year

- Provides gap funds for innovative public or private events, ideas or projects that are open to the public and support or promote tourism. Provide matching funds to leverage other grant applications.

TLT Advisory Group Recommendations- Summary

Establish a 2% TLT (\$80,000/year) to fund the following:

- | | |
|---------------------------------|---------------------|
| • Hire a Tourism Coordinator | \$44,000/year |
| • Promotion/marketing materials | \$15,000/year |
| • Capital Projects | \$10,000/year |
| • Innovative projects/events | \$9,000/year |
| • Administrative Fee (WCVA) | <u>\$2,000/year</u> |
| | \$80,000/year |
-
- Oversight of Tourism Coordinator and Tourism Program by small local tourism committee

TLT: Council Feedback & Discussion

Review of TLT Ad-Hoc Group Recommendations

- Rate
- Tourism Program: 4 Parts
 - Tourism Coordinator: location, hiring process, contractual agreement w/ WCVA
 - Local Program Oversight: who, how, process
 - Promotion/Marketing Fund
 - Capital Projects Fund
 - Innovative Projects/Event Development Fund
- What is not included in the Program that should be?
- Next steps?