

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

February 22, 2018

The minutes of the proceedings of a special meeting of the City Council of the City of Coos Bay, Coos County, Oregon, held at 3:00 pm in the Council Chambers at City Hall, 500 Central Avenue, Coos Bay, Oregon.

Those Attending

Those present were Mayor Joe Benetti and Councilors Lucinda DiNovo, Jennifer Groth, Stephanie Kilmer, and Phil Marler. Councilors Drew Farmer and Stephanie Kramer were absent. City staff present were City Manager Rodger Craddock, City Attorney Nate McClintock, Finance Director Susanne Baker, Public Works and Community Development Director Jim Hossley, and Police Sergeant Mike Shaffer

Flag Salute

Mayor Benetti opened the meeting and led the Council and assembly in the salute to the flag.

Consideration of Approval of a Proposed City Charter Amendment – Approval Would Require Adoption of Resolution 18-06 Calling a Measure Election to Submit to the Electors of the City

City Manager Rodger Craddock reviewed the history of the transient occupancy tax inception, use, and state law and stated on April 4, 2017 the Council approved the goals which included possible amendments to the City Charter. The City Attorney reviewed the City Charter language and suggested consideration of additional amendments to remove language referencing consolidation, allow for Council meetings to be held on a business necessity rather than requiring two meetings per month, allow for the issuance of revenue bonds as a financing option, remove the clause on mandatory minimum staffing for public safety personnel which was unconstitutional, and update the utilities section for clarification to include the right of way.

On February 20, 2018, the Council considered the proposed City Charter Amendment(s) and adoption of Resolution 18-06 which would refer the matter to the voters. During the meeting, the Council discussed an additional amendment to Section 2.5 Community Promotion which would require the City to contribute 50% of the transient occupancy taxes to the Coos Bay North Bend Visitor Convention Bureau (VCB). A special meeting was called to allow for further discussion.

City Manager Rodger Craddock stated the City through its intergovernmental agreement expends roughly 23% of lodging tax revenues on “tourism promotion” through the VCB. In addition, the City budgeted 15% of anticipated revenues for this year to be spent on the management and operation of the City’s Visitor Information Center (VIC); other tourism related facilities (Coos Art Museum, Sun Museum, Egyptian Theatre, Historic Railroad

Museum, and Boat Building Center) at 10%; tourism related utilities (power and water costs at both City Docks, the Mall Block of Central, Empire Blvd, etc.) at 3%; community events (4th of July, Festival of Sale, Bay Area Fund Festival, downtown cleanup, City's Friday Update, etc.) at 3%; tourism related insurance, auditing and postage at 3%; tourism related personnel costs at 28%; tourism related contractual (temporary labor, renewing of lease/easement of the boardwalk, and advertisement of community events) at 2%; tourism related special projects (repair to tourist areas such as the Koos II Tug, street banners/flags, Hwy 101 cleanup efforts, temporary labor for Christmas decoration placement, and festival support) at 13%. The City utilized the businesses (architects, engineers, lawyers, etc.) accepted practice of time activity-based costing (budget) accounting model to allocate the cost of staff time spent on areas, events, and projects respective to the fund(s). Staff reviewed at least annually the hours expended for non-general fund work and forecasts for the coming year how much time would be required with the personnel expenses allocated accordingly.

Councilor DiNovo provided statistics from Travel Oregon and stated other coastal communities to the north had larger advertising budgets to drive more visitors to their community which had a significant economic development impact. Mayor Benetti stated he would be in favor of increased funding to the VCB up to 50% in an effort to increase the effectiveness of the VCB. Mayor Benetti proposed to move the management of the operations of the Visitor Information Center (VIC) from the Bay Area Chamber of Commerce (BACC) to the VCB. City Manager Rodger Craddock stated the transition of such a change and reallocation of funds would need to be a thoughtful process as there were currently management contracts, utilities, and maintenance commitments in place. Mr. Craddock noted it was not known if the VCB Board would be in concurrence with such a proposed change and the BACC had not been approached with the proposed change.

Mr. Craddock stated the City's transient occupancy tax revenue for FYE 17 was \$630,482 of which approximately \$180,000 went to the VCB as the City of Coos Bays share. Discussion ensued on the staff time allocated to Fund 5, Hotel/Motel fund where transient occupancy tax revenue was budgeted. Mayor Benetti stated he proposed a change in the next fiscal year wherein Mr. Craddock noted the change could be possibly late in the next budget year. The Mayor and Council discussed the merits, disadvantages, public policy, and governance of local government on policies of whether to implement such a change through a City Charter amendment, ordinance, or long term contract. Mayor Benetti stated he would like to see the change to be permanent and long range to provide stable funding to the VCB to be able to increase tourism and the awareness of the positive qualities of our area.

City Manager Rodger Craddock clarified over \$1.2 was spent on the VIC and the City expended a considerable amount more on tourism than what was received from transient occupancy tax. Councilor DiNovo stated Travel Oregon had statistics which would be helpful for the process and education of the citizens regarding who paid and was impacted by transient occupancy tax.

Councilor Marler asked if the VCB were to dissolve how would that impact the future stability and their mission. Councilor DiNovo and City Manager Rodger Craddock stated the intergovernmental agreement (IGA) required one year notice by any partner of their intent to no longer be a part o the VCB. This would allow time for the budget to be resolved and address issues. Councilor DiNovo stated to ask the other partners to contribute 50% of their

transient occupancy tax receipts would be difficult as there were more hotel rooms in Coos Bay which provided the most opportunity to increase the allocation towards the VCB.

City Manager Rodger Craddock stated to increase the allocation to 50% would require staff to more closely analyze expenditures associated with the transient occupancy tax revenue to determine what were the "have to do's". For example, to reallocate the lights/utilities expenditures might be to the General Fund and Parks because those utilities on the boardwalk could not be charge to the Gas Tax/Streets fund because those expenditures were limited to curb to curb items. Reallocation of the temporary help to the Parks division would increase financial pressure on the General Fund.

Andrew Gordon, 2880 14th Street North Bend, stated other businesses such as restaurants, which benefited from tourism, should implement a tax to support the VCB. Janice Langlinais, Executive Director of the VCB, stated the additional funds would provide opportunity to increase the tourism and economic development of the area. Additional staff would increase the efforts and suggested it was time to approach Charleston to contribute revenue such as through the creation of tourism income districts which was voluntary.

Councilor Groth stated tying the hands of future Councils on governance through the City Charter was not the appropriate venue for this type of change and it should be left to the Budget Committee through other methods. Councilor Kilmer stated she was concerned the City Charter needed to remain broad and did not think a specific figure belonged in the City Charter.

Councilor Groth moved to approve Option 1 proposed City Charter amendment related to: (1) Section 4.1 Meeting requirement of the Council; (2) remove language in the Charter concerning the consolidations with the City of Eastside and the failed consolidation with the City of North Bend; (3) Sections 9.11 Funds for Police Officers and Firefighters; and (4) to remove the requirement that before revenue bonds can be issued by the City, that the issuance be approved a majority vote of the electorate; (5) clarify the utilities section regarding the right of way, and adopt Resolution 18-06 to place a ballot measure on the May 2018 Election. Councilor Kilmer seconded the motion which carried. Ayes: Groth, Kilmer, Marler. Nays: Benetti, DiNovo. Absent: Farmer, Kramer.

Adjourn

There being no further business to come before the Council, Mayor Benetti adjourned the meeting. The next regular Council meeting was scheduled for March 6, 2018 in the Council Chambers at City Hall.

Attest:



Susanne Baker, City Recorder



Joe Benetti, Mayor