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# **AGENDA**

## **ASTORIA CITY COUNCIL WORK SESSION**

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Thursday, May 4, 2017  
6:00 PM  
2<sup>nd</sup> Floor Council Chambers  
1095 Duane Street · Astoria OR 97103

- 1) CALL TO ORDER
- 2) ROLL CALL
- 3) PARKS DEPARTMENT BUDGET DISCUSSION
- 4) ADJOURNMENT

**THIS MEETING IS ACCESSIBLE TO THE DISABLED. AN INTERPRETER FOR THE HEARING IMPAIRED MAY BE REQUESTED UNDER THE TERMS OF ORS 192.630 BY CONTACTING JENNIFER BENOIT WITH THE CITY MANAGER'S OFFICE AT 503-325-5824**

## Potential Funding Sources for Parks and Recreation Services

### **Established Need for FY 17-18:**

\$350,815 – Lifeboat scenario presented on March 23, 2017  
\$100,000 – Deficit and adjustment from aspirational budget  
\$25,811 – Service reductions discussed on April 12, 2017  
\$425,004 – Total established need for FY 17-18 to implement the Lifeboat scenario

*Below are some brief observations concerning ideas for the creation of a new funding stream for Parks and/or the Cemetery. These comments are general in nature. Any specific funding proposal would need to be reviewed to determine whether it complied with constitutional, statutory and municipal limitations.*

### **Utility fees connected to the City's water/sewer bill**

#### **Description and Legal Review:**

So long as the tax or fee is imposed on a rational basis, is not imposed on real property and not calculated on the value of real property, a utility user fee should be permissible.

As examples: a fee imposed upon an occupant, based upon 1% of the water bill of a residential users would probably be permissible whereas a fee upon the property owner based upon 1% of the occupant's water bill might not be.

#### **Estimated Revenue Generation:**

Adding 1% to the City's water and sewer bill would generate about \$72,000 annually. This is based on 9 months of actual water billings and 3 months of prior year billings. This information is not broken down into residential and commercial accounts or in city limits versus outside city limits. It is assuming the normal bill is calculated and an additional fee is calculated based on the water bill.

| Percentage Increase | Revenue Generated |
|---------------------|-------------------|
| 1%                  | \$ 72,000         |
| 2%                  | \$ 144,000        |
| 3%                  | \$ 216,000        |
| 4%                  | \$ 288,000        |
| 5%                  | \$ 360,000        |
| 6%                  | \$ 432,000        |
| 7%                  | \$ 504,000        |
| 8%                  | \$ 576,000        |

### **Business license fees. Greenway fees for businesses along the Riverwalk.**

#### **Description and Legal Review:**

Fees on businesses in Astoria, are simply a source of revenue. The City can set the amount of the fee and the source of the fee in any rational fashion. The proceeds may be designated to whatever municipal purpose the City deems appropriate.

If the increase in license fees was restricted to businesses along the Riverwalk the assessment should be justified in a rational way – such as maintenance of the Riverwalk. The same fee might be challenged if the purpose was to support parks generally.

#### **Estimated Revenue Generation:**

Astoria has an estimated 34 businesses along the Riverwalk. For instance, if the City were to establish a greenway fee to assist with Riverwalk maintenance of \$1,000 per year for business along the Riverwalk, the generated revenue would be an estimated \$34,000 annually.

### **Parks and Recreation taxing district. Cemetery taxing district.**

#### **Description and Legal Review:**

Parks and Recreation Districts are provided for in ORS Ch 266. Cemetery Maintenance Districts are provided for in ORS Ch 265. Formation of either requires a petition endorsed by:

- 15% of the electors or 100 electors whichever is greater; or
- 15 property owners or owners of 10% of the property whichever is greater.

The petition is then considered by the County Commission and, if approved by them, must also be approved by a majority of the voters in the proposed district.

The election for approval of the taxing district would include the proposed tax rate for real property in the district. This new tax rate would likely have the effect of compressing taxes collected in the City.

**Estimated Revenue Generation:**

Revenue estimates for the greater Astoria area will be time intensive to produce. However, examples from our peer communities can provide sufficient information for the discussion at this point in time.

Hood River Valley Parks and Recreation District:

Service area: 530 square miles

Population: 21,202

Funding source: \$0.34 per \$1,000 assessed property value within District boundaries

Funding generated from tax: \$1,212,337

Other funding sources: System development charges

Sunset Empire Recreation District:

Service area: 200 square miles

Population: 11,627

Funding source: \$0.92 per \$1,000 assessed property value within District boundaries

Funding generated from tax: \$2,756,851

Other funding sources: City of Seaside, timber tax.

**Food and beverage tax**

**Description and Legal Review:**

Cities generally have authority to impose sales taxes for municipal purposes upon businesses within the City limits.

Adoption of such a tax would be done by ordinance. There is generally no requirement for a popular vote. However the ordinance could be the subject of a referendum petition thereby requiring a popular vote by City electors.

**Estimated Revenue Generation:**

Revenue estimates for Astoria's service industry will be time intensive and costly to produce. However, examples from other communities can provide sufficient information for the discussion at this point in time.

City of Ashland

Population: 20,366

Food and beverage tax rate: 5%

Number of restaurants: 130

Annual Funding generated from food and beverage tax: \$2,200,000

City of Yachats

Population: 706

Food and beverage tax rate: 5%

Number of restaurants: unknown at this time

Annual Funding generated from food and beverage tax: \$200,000

**Operations Levy**

**Description and Legal Review:**

An operations levy gets a little more complicated - but the basic outline is that a new municipal levy will need to be approved by the voters at either a general election or at any other election in which 50% or more of the voters participate. The period of the levy cannot exceed 5 years and again the levy will most likely result in compression on other tax levies in the City.

**Estimated Revenue Generation:**

The Finance Department will need to gather more information to do operations levy calculations as the City is in compression and Measure 5 limitations have to be taken into consideration. There is lead time necessary to get the ballot measure established. If the City were targeting the November general election the deadline to have the initial ballot title into the County would be August 18, 2017 and if successful it wouldn't take until July 1, 2018 and revenue would not be received November 2018.

**Transient Lodging Taxes**

**Description:**

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. A brief summary of state and local lodging taxes follows.

Oregon first began imposing a state lodging tax in 2003. Significant changes to the state tax followed in 2005 (provider coverage expansion via HB 2197), 2013 (expansion to cover persons that facilitate the sale of transient lodging, including online companies via HB 2656), and 2016 (state tax increase from 1 percent to 1.8 percent and state tax distribution changes via HB 4146).

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:

For new or increased local lodging taxes:

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

For existing local lodging taxes:

- Maintain the percentage of existing lodging tax used for tourism promotion and tourism facilities
- The recipients of the tax may change, but the percentage used for tourism purposes cannot

As of 2007, there were 103 jurisdictions (e.g., cities and counties) in Oregon imposing a transient lodging tax. A comparison of other jurisdictions and their associated transient lodging tax collections is attached.

**Legal Review:**

Staff has requested that City Attorney Henningsgaard provide additional guidance for use of the 70% portion which must be used for tourism promotion or tourism related facilities (above and beyond what is presently done in the City).

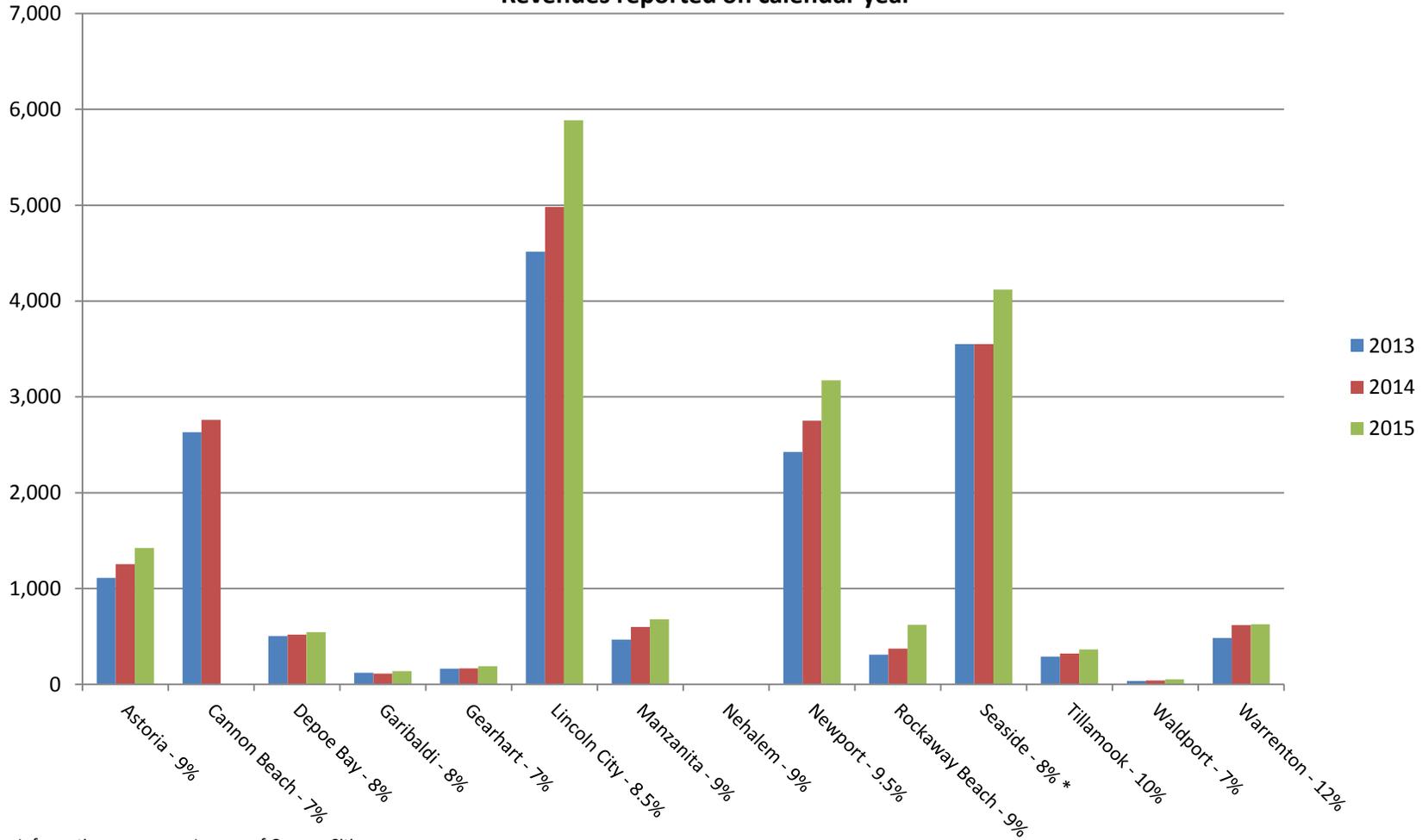
**Estimated Revenue Generation:**

Transient Room Tax anticipated sales being \$ 20,500,000 for FY 17-18. Thus, a 1% increment will be an additional \$205,000 in taxes of which \$143, 500 (or 70% per law) must go to Promote Astoria and \$ 61,500 would be available for other use.

| Percentage Increase | Increase to Promote Astoria Fund (70%) | Increase available for other use (30%) | Total        |
|---------------------|--|--|--------------|
| 1%                  | \$ 143,500                             | \$ 61,500                              | \$ 205,000   |
| 2%                  | \$ 287,000                             | \$ 123,000                             | \$ 410,000   |
| 3%                  | \$ 430,500                             | \$ 184,500                             | \$ 615,000   |
| 4%                  | \$ 574,000                             | \$ 246,000                             | \$ 820,000   |
| 5%                  | \$ 717,500                             | \$ 307,500                             | \$ 1,025,000 |
| 6%                  | \$ 861,000                             | \$ 369,000                             | \$ 1,230,000 |
| 7%                  | \$ 1,004,500                           | \$ 430,500                             | \$ 1,435,000 |
| 8%                  | \$ 1,148,000                           | \$ 492,000                             | \$ 1,640,000 |
| 9%                  | \$ 1,291,500                           | \$ 553,500                             | \$ 1,845,000 |

# Transient Room Tax Revenues (reported in 000s)

Revenues reported on calendar year



Information resource - League of Oregon Cities  
 \*Seaside rate is increasing to 10% effective 7/1/17