

AD HOC COMMITTEE MINUTES

November 17, 2016

COUNCIL CHAMBERS

PRESENT: Committee: Dennis Hellmann, Tom Klein, Grant Russel. Non-Committee members: Sarah Sisser, Hancock Historical Museum, Christie Ranzau, Chairman of the Arts Partnership Board

ABSENT: none

Chairman Russel explained the process of this Ad Hoc Committee meeting. He explained that this meeting is being held in the Council Chambers so that it can be audio recorded via the microphone system so that the Council Clerk can transcribe the meeting into minutes. He noted that this meeting is open to the public and requested that anyone in the audience who wishes to speak to come up to a microphone so that their comments can be recorded and put into the minutes. The minutes will be posted online after they are approved at the next Ad Hoc Committee meeting. Public participation is welcome during this meeting.

Chairman Russel asked Tim Watson if he would like to be on this committee. Mr. Watson asked for an opinion from the Law Director prior to agreeing to be on the committee. After getting the Law Director's opinion, he agreed via email today to be on the committee. Unfortunately, he was not able to make today's meeting because he is still at work, but plans to attend the next meeting. If the rest of the committee agrees with the appointment of adding Tim Watson, he will do so. All were in favor. Tim Watson is added to the committee.

Chairman Russel provided a reference sheet on other cities who distribute bed tax revenue; what the overall process might look like and an outline of possible points for discussion.

Chairman Russel provided the following possible overview for this process:

During the City's budget process, City Council may or may not allocate money to a fund that would then go into this process. Once that allocation is made and it is known how much money is available for the coming year, and once that budget is approved, then it is simply a matter of accepting and reviewing the applications. The process will likely go through either the CVB or the City to provide funding to the applicants that are selected. Lastly, there is a tracking and reporting aspect of it. At a high level, it is a simplistic process. The details are the difficult part of it which is why these discussions are now taking place in Ad Hoc Committee meetings

Today's meeting objectives are to lay this out and determine if there are other things that should be considered and if any in-depth discussions on any of these points are needed. It is his hope that by the next Ad Hoc Committee meeting with Tim Watson on board, there will be some in-depth discussions on this so that Sarah Sisser of the Hancock Historical Museum, Christie Ranzau, Chairman of the Arts Partnership Board, and Alissa Preston with the Convention and Visitors Bureau (CVB) will know what direction the committee is headed. Today's meeting is more or less the setting of the table.

Chairman Russel went through the decision points that need to be addressed:

1. What is this Ad Hoc Committee trying to accomplish with the bed tax distribution program as it drives everything else. This determines what criteria to use, who can apply, how they can apply, etc. He does not have opinion of what the objective is, but it is a starting point. He asked the committee for their thoughts and opinions. Tom Klein noted that whatever the Ad Hoc Committee does, it needs to contribute to something that is going to reach the community as a whole. Dennis Hellman added that there needs to be an equitable allocation of those funds and a complete process for the applicants. Chairman Russel clarified that this is not CVB money. The City has nothing to do with CVB money. This is a percentage of hotel/motel bed tax that is given to the City, and via Ohio Revised Code (ORC), it is placed in the City's general fund.
2. There needs to be a process of allocating funds which could be done during the budget process in November/December with approval of the budget in January during the first or second City Council meeting which means money would be available for distribution in February. He asked the committee if there needs to be a clause in the process that states applicants cannot receive more than what was requested in bed tax revenue. Even though a future Council body can change whatever this Ad Hoc Committee comes up with, a process needs to be implemented. If this Ad Hoc Committee decides to cap it at \$100,000/year, and if the bed tax plummets for some reason (example: Air B&B starts taking off and the City's bed tax money falls to \$90,000/year), it needs to be determined if the \$10,000 shortage can be taken from other general fund revenue. Tom Klein asked if the funds in the bed tax revenue in the general fund are needed for other expenses besides these types of requests, could it be used elsewhere. The bed tax revenue needs to be looked at as a bonus. When they are there it's great, but when they are not there, they cannot be perceived as revenue.
3. Chairman Russel said the committee must decide how it wants to handle allocating funds: have a city-led process or hand it over to the CVB. Dennis Hellmann has talked with Alissa Preston with the CVB and asked her to attend today's meeting, but she was unable to do so. It is Chairman Russel's hopes that she will be able to attend the next Ad Hoc Committee meeting to inform the committee on how the CVB works. If the committee decides the City should directly finance the CVB, it will change all the subsequent conversations. Dennis Hellmann feels the committee needs to provide guidelines for those requesting bed tax funds (i.e. cap on how much, what special requirements there are, etc.). Chairman Russel replied all of that needs to be defined by this committee. The guidelines should consist of what is listed under the criteria, evaluation, and mechanics of the handout. A lot of that changes depending on who is running the process, the city or the CVB.
4. Page 2 of the handout notes that if there will be a City-run process in some manner for requesting bed tax funds, the following items are should be considered:

Criteria:

Who can apply? Can they request multi-year funding? Will the City fund general operations, which is what has been done with The Arts Partnership, or have specific projects funded? As the handout shows, other communities have a lot of specific projects funded and those wanting funds for those projects apply for money specifically for those projects. He asked if there should be an alcohol policy; could / should the bed tax support the Wine Festival at Riverside Park, etc.?

Evaluation:

Who will evaluate these requests? How will conflict of interests be handled? Many within the community is involved in the organizations making these requests; there needs to be an avenue for conflicts so as not to affect final decisions.

Mechanics:

How will these requests will be handled? How frequently? Who will collect the applications? Conversations with the Administration need to take place to determine how they can help support this process. How will the money will get to the recipients? Conversations with the Auditor's Office need to take place to determine what steps need to take place. Conversations with the Law Director also need to take place to determine if any contracts or agreements need to be done for any of these requests. Something in writing may be needed in case an event does not happen or an organization folds and there are funds reserved for them, and what the City's sponsorship means in terms of liability.

Tracking:

If the City gives funds to host an event and after the event takes place, how will the results from the event be tracked or documented? For instance, if the event expects to brings in 100 individuals into Findlay hotels, how will they prove it and what kind of final reporting, if any will the City want? Is it worth the time to generate a final report and does the City want that detail?

Implementation:

It needs to be determined how this will be implemented? Input from the Law Director is needed. Should this be done by legislation or by Council rules? If it is Council rules, then that means Council will approve for each Council term. If done by legislation, then it is carried over year after year until an amendment to the legislation is done. Legislation is more set in stone, but is still at the will of Council.

Discussion:

Tom Klein noted that other communities have established a fund for this. Several of them have a simple funding trail of asking and receiving, and how it is spent and reported upon. Others are very complicated. He is interested in finding out how those are working out. If the procedure is burdensome, it will not benefit the City nor those seeking the grant. Simplicity should win out when putting this together rather than make it burdensome so that it becomes a pain for those applying and for those looking at the funding. Dennis Hellmann agreed that there should be some middle road and that there needs to be controls put on it without burdening everyone by making it so difficult that no one would want to apply for it. Tom Klein added that anything the committee wants to do is going to be far superior from what has been done.

Dennis Hellmann feels the committee should meet twice a month on this matter so that procedures can be finalized. Tom Klein agreed. He would like to get it moving and get it done. Dennis Hellman does not feel it needs to be drug out. The quicker it is finalized, the better. He would like to see it finalized by the first of the year, if not by the end of January. Tom Klein agreed.

Chairman Russel feels that the important part for this initial conversation is how funds will be allocated because those conversations will come up in a couple of weeks during the budgeting process. Currently, there is an allocation for the Arts Partnership. He is unsure if it is for next year or if this is the last year, but noted that the City has funded approximately fifty thousand dollars (\$50,000) to them. Chairman Russel asked Christie Ranzau in the audience if the Arts Partnership has one more year of funding already allocated to them from the City. Ms. Ranzau replied 2016 marks the end of the three year commitment between the City and the Arts Partnership.

Chairman Russel would like to see a proposal to indicate that a process for these requests is being created and will be in the budget process so that Council can take that into consideration.

Dennis Hellmann asked if funding is specifically for organizations or if lump sum amounts are given. Chairman Russel suggested a lump sum; at the budget level during the December budget conversations, it is a lump sum conversation and at no time will Council acknowledge any events that organizations have coming up where the City will fund because that would indicate that organization would automatically receive City funds. This committee was formed to eliminate automatic giving of City funds. Tom Klein and Dennis Hellman agreed.

Dennis Hellmann added that when requests come in, it would be nice to know what exact dollar amounts they are asking for and how much money is coming in from the bed tax. Chairman Russel asked Mr. Hellmann if he is asking for what the City gets or what the requestor would be getting. Dennis Hellman replied what the City gets. It is his understanding that the City gets half of what the County gets. Chairman Russel replied that the County actually gets more. This was discussed in an Appropriations Committee meeting. Dennis Hellmann obtained information from Ms. Preston of the Arts Partnership. Chairman Russel noted that he projects the 2015 revenue amounts to be a little over \$600,000. \$585,000 for 2014, \$530,000 for 2013, and \$500,000 for 2012. These amounts are reported on the City's accounting website. The amount for 2016 is an estimate because 4th quarter numbers are not in yet. Tom Klein asked what the estimated amount is. Chairman Russel replied it is 5% over the 2015 amount of \$600,000 which is on the document he provided at the Finance Committee. It lists the City's revenue amounts and the amounts the Arts Partnership has been receiving.

Tom Klein asked if the committee needs to establish a number they are comfortable with for budget reasons. Chairman Russel replied the Committee would do so if the City Council as a whole wants it. Tom Klein asked if it is a set line item if it will be listed as the Community Partnership Fund and then a gross number will be set for the fund. Chairman Russel replied that is correct; it will be part of the budget process.

Dennis Hellmann asked if the amount could be between 0-100% of what is received. Chairman Russel replied it will be whatever Council decides it to be. This committee can make a recommendation of what it should be. In looking at the previous years' revenue, it could then be decided on the amount which would protect the City for when it goes up and goes down, or it could be based on the Auditor's revenue estimates. Previous conversations on what to give the Arts Partnership have taken place to decide whether to give a percentage of revenue received less expenses to collect it and run it, or a fixed dollar amount. There were arguments on both sides of it. Percentage lets the non-profits enjoy increased hotel activity, but fixed amounts are easier to budget with and lets the City enjoy a prosperous situation but does not get the City off the hook when there's a declining economy.

Dennis Hellman asked if the City can cut the amount in a declining economy. If the money isn't there, it isn't there.

Chairman Russel believes the funding conversation might be contentious during the budget hearings. The next time this committee meets, it should be looked at and a formal proposal to City Council should be developed that could be incorporated into the budgeting process. Tom Klein and Dennis Hellmann agreed.

Sarah Sisser addressed the committee:

Ms. Sisser said that the Hancock Historical Museum has researched the past two (2) years that the Arts Partnership has requested funds from the City. She has sat on the Convention and Visitors Bureau Board for the past four (4) years. The CVB has done some great work in granting these funds to non-profit organizations. Not all CVBs across the state do so, but the fact that ours has enabled them to see some great results from it by the quantity and quality of programming that has been offered by non-profits in the community. They have also seen a tremendous increase in the amount of bed tax dollars they are receiving from both the County and City largely due to the new Hilton Garden Inn. They are projecting another significant increase with the new Hancock Hotel. That pool of money has grown considerably. There are organizations in town that are seeking funds: Arts Partnership, Hancock Historical Museum, as well as others, but the list is relatively short of those who are significantly contributing to the activities that are putting heads in beds. Across the United States, the County tax dollars are to be reinvested in activities that directly promote and enhance tourism in the community. She thanked Dennis Hellmann for pointing out that these are not the tax dollars that residents are paying, but are tax dollars in part that are coming into the community to large corporations as they are putting a lot of heads in beds throughout the week, but also in part due to the work that the Arts Partnership and the Hancock Historical Museum and others are doing to add a quality of life here with great culturally enriching programming that is bringing people to Findlay. There have been some great recent conversations on the CVB Board about some of the ways they want to reinvest the larger pool of money they are seeing.

Recently, with their SWAT analysis they discussed potentially reinvesting some of the funds, not just in marketing events, but also in the general operations of some of the organizations on the short list that contribute, and even into capital projects which is really exciting because there are no other cities who are doing this. If a great plan for the redevelopment of the downtown in which they would like to have a river walk that could bring in a lot of tourists to Findlay. The CVB might be able to contribute or grant a large dollar amount to that project. Thoughts need to be on how these dollars can be reinvested in the community to benefit residents as well as visitors.

She read from the Texas State Code on how every expenditure must directly enhance and promote tourism. Cities are allowed to choose how they want to do this. They could give it to an Arts Council, to a Convention and Visitors Bureau, or to other organizations as long as they are promoting and enhancing tourism.

Dennis Hellmann noted that this Ad Hoc Committee was not formed on a vindictive basis, nor does Council feel the monies were not being spent appropriately, but instead feel that the Arts Partnership, the Hancock Historical Museum and several others have been doing an excellent job enhancing the community with the funds that they receive.

Ms. Sisser replied she did not feel it was vindictive in any way, but does know that it is the sentiment of some Councilmembers and probably some members of the community, that tax dollars should never go to benefit a non-profit. In fact, those exact words were said to her by a couple of Councilmembers. She strongly disagrees with that sentiment. To have that stem of an approach in the last couple of years shows that there has been no consistency as there are already non-fits that are receiving City dollars. This is another pool of money, not just tax dollars. It is bed tax dollars which are a little different. The arts and humanities in this community are a significant part of the infrastructure. When the Hancock Historical Museum came forward and asked for funds, some Councilmembers asked how funds could be given to an organization like the museum when better roads are needed or money needs to be given to the Police Department. She does not believe the museum will win that argument because great roads are needed, but these organizations in the arts and the humanities are an important part of the infrastructure. Both organizations do a lot of work with students. All week, the museum has had approximately 4,000 students. Since the museum is a non-profit, they are underwriting all the programming for county and city school kids, so it is an important part of the infrastructure of the community.

Tom Klein agreed and stated that non-profits are able to accomplish these things and make it a better community with somebody else's dollars. No one in the City of Findlay has paid anything into this. The vast majority of the funding comes from non-Findlay residents coming here to enjoy it. Findlay gets to provide services and additional funding with those dollars.

Chairman Russel strongly disagreed with Mr. Klein's statement that citizens have not paid into this. One of the reasons for the tremendous uptick is because of Marathon, Cooper Tire, and some other local employers filling up many of the hotels in Findlay Monday-Thursday nights with consultants. There was a time when a hotel room in Findlay was not available on those nights; those turned away went to Bowling Green or Lima. Other businesses in town that bring in individuals are charged for their hotel stays. Findlay residents might not directly see it, but it still is an expense to the local business.

Ms. Sisser stated that a lot of the bed tax is funded by Marathon and the new construction. The museum and the Arts Partnership have a very strong relationship with Marathon and Cooper. Both of those companies have invested a lot of money into the non-profits because they see the value in them. Marathon has invested tens of millions of dollars in the arts and humanities and the Performing Arts Center and other entities in the last couple of years because they see the value in having those things in this community to bring in and retain great talent and visitors.

Tom Klein noted that the committee has a lot of information from other communities in Ohio that are in the same situation Findlay is in who are trying to establish criteria and funding routes. He would like to look at what has been done by other communities and expedite the process fairly quickly without having to reinvent the wheel. Dennis Hellmann agreed. Tom Klein noted that Dublin, Canal Winchester and Oberlin are all communities that have decent programs in place. Columbus allocates all their bed tax funds to the arts.

Chairman Russel noted what the committee recommends on the committee report:

- Add Tim Watson to the Ad-Hoc Committee
- Invite CVB's Alissa Preston to the next committee meeting
- Continue to discuss the topic

Tom Klein and Dennis Hellmann agreed.

Tom Klein asked if the next meeting date and time should be set now. Chairman Russel replied that he does not know Tim Watson's schedule, so he will contact him to see when he can meet then will set a date and time with the rest of the committee.

Chairman Grant Russel adjourned at approximately 2:05 p.m.


CLERK OF COUNCIL


GRANT RUSSEL, CHAIRMAN