



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: R-1617-35

File ID: R-1617-35	Type: Resolution	Status: Consent Item
Version: 1	Reference: Item 27	In Control: City Council
Department: Finance Department	Cost: \$80,000.00	File Created: 09/20/2016
File Name: Appropriation from the Room Tax Fund		Final Action:

Title: RESOLUTION R-1617-35: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, APPROPRIATING \$80,000 FROM THE ROOM TAX FUND BALANCE TO BE USED BY THE NORMAN CONVENTION AND VISITORS BUREAU, INC., (NCVB or VISITNORMAN) TO FUND THE PLANNING AND DEVELOPMENT OF A TOURISM IMPROVEMENT DISTRICT FOR NORMAN HOTELS AND ESTABLISHMENT OF A SPORTS COMMISSION.

Notes: ACTION NEEDED: Motion to adopt or reject Resolution R-1617-35.

ACTION TAKEN: _____

Agenda Date: 09/27/2016

Agenda Number: 27

Attachments: R-1617-35, Appropriation request memo

Project Manager: Anthony Francisco, Finance Director

Entered by: ellen.usry@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

Text of Legislative File R-1617-35

Body

BACKGROUND: Pursuant to the Norman City Code, Section 8-521 (et. Seq.), the City Council has established a policy whereby room tax collections are distributed to three organizations to further the aims of the Transient Guest (Hotel/Motel) Room Tax: the Norman Convention and Visitors Bureau, doing business as VisitNorman (50%) for convention and tourism promotion; the Norman Parks Department for parks capital improvement projects (25%); and the Norman Arts Council (25%) for arts and humanities programs. On May 25, 1993, the Council approved contract K-9293-136 with the Norman Convention and Visitors Bureau (NCVB) to administer the portion of the room tax used to attract conventions and other meetings, and to promote visitation of Norman.

The adopted FYE17 budget projects revenue into the Room Tax Fund (23) to be \$1,982,750. Using the apportionment set out above, after deducting a 5% administrative fee retained by the City, \$940,000 was appropriated for use by Convention / Visitor Bureau (VisitNorman). This appropriation occurred with the adoption of the FYE17 Budget after having received the Scope of Work submitted by VisitNorman during the budget process.

As discussed in the attached memo from VisitNorman Executive Director Dan Schemm, The Board of Directors of VisitNorman has requested an additional appropriation of \$80,000 of available Room Tax Fund balance for the planning and development of a Tourism Improvement District for Norman hotels, and for the establishment of a Sports Commission. This request represents an addition to the Scope of Work for fiscal year 2016-2017 that was approved by Council as part of VisitNorman's budget request.

DISCUSSION: Tourism Improvement Districts (TIDs) were authorized by recent action of the Oklahoma State Legislature. They are similar to Special Assessment Districts and Business Improvement Districts, in that a specific group of property owners agree to charge themselves a fee to provide revenue for specific services. VisitNorman has been studying this new statute and considering ways in which the new legislative authorization could be utilized to enhance the convention and tourism business in Norman. One approach is to utilize the TID by all of the major hotel properties in Norman assessing a fee that would operate similar to an increase in the Room Tax, but, as restricted by the statutory language, used specifically for tourism promotion.

As noted above, the \$80,000 request anticipates a \$50,000 expenditure with Civitas Advisors, Inc. to guide VisitNorman in establishing the TID and a \$30,000 expenditure with the "Huddle Up Group" to assist in planning for and establishing a Sports Commission. VisitNorman has submitted information regarding their desire to move forward with the proposals.

The VisitNorman proposal to implement a Norman Sports Commission arises out of their desire to aggressively market the sports facilities to be added by Norman Forward projects. Many of these facilities have the potential to draw significant number of visitors to Norman to support youth and adult basketball, soccer, softball, swimming, volleyball, and other tournaments and events.

In considering this request, City Staff believes it is important for the most recent information regarding projected fund balance for the Room Tax Fund be brought to Council's attention. When VisitNorman first approached the City about these expenditures, Staff used projections that occurred as a result of the mid-year budget review in FYE16 and estimated a reserve fund for Convention and Tourism of approximately \$156,600. Utilizing that figure, the remaining reserve fund after this expenditure would be \$76,600, or 8.1% of the budgeted Convention and Tourism allocation.

Room tax revenues late in the fiscal year were lower than anticipated and preliminary audit numbers now show an estimated fund balance for convention and tourism of \$111,411 as of June 30, 2016. The FYE17 budget approved by Council projected approximately \$2,500 in additional funds being held in reserve for Convention and Tourism at the close of FYE17, bringing the Convention and Tourism reserve total to \$113,911 using the preliminary audit figures for FYE16 and assuming room tax revenues come in as budgeted in FYE2017.

If approved, this appropriation would draw the convention and tourism portion of the Room Tax Fund balance below the recommended level of 8%. After the additional appropriation, reserve for Convention and Tourism would be at approximately 3.3%. As Council is aware, the purpose of the reserve is to provide a safety net to use for operations should there be a failure of projected revenues or an occurrence of unanticipated expenditures. As the City contracts with VisitNorman to administer this portion of the Room Tax funds, the recent trend of Room Tax collections and the impact the appropriation would have on available fund balance was communicated to VisitNorman. At its meeting on September 22, 2016, the VisitNorman Board of Directors discussed the updated figure and whether the Board was comfortable with only 3.3% of budgeted allocations being held in reserve. Board members expressed support for this request, even with a reduced reserve amount, given that this request represents a one-time expense.

RECOMMENDATION: If Council desires to accept the request from VisitNorman, the appropriation of Room Tax Fund balance (account 023-0000-253.20-00) to Visitors Bureau (account 023-3043-465.47-74) should be approved. The funds will be directed to the Norman Convention and Visitors Bureau (VisitNorman) recognizing the Scope of Work for FYE17 will now include the TID planning and Sports Commission planning efforts by VisitNorman.