



NOTICE OF WORKSHOP MEETING

NOTICE IS HEREBY GIVEN that the Oak Harbor City Council will hold a Workshop Meeting on Wednesday, May 28, 2014, at 3:00 p.m. to discuss the following agenda items. The meeting will be held in the Council Chambers, 865 SE Barrington Drive.

DATED this 23rd day of May 2014.

Anna M. Thompson, City Clerk

The City Council may meet informally in workshop sessions (open to the public) to do concentrated strategic planning, to review forthcoming programs of the City, receive progress reports on current programs or projects, or receive other similar information from the City Administrator, provided that all discussions and conclusions thereon shall be informal. Council shall make no disposition of any item at a workshop meeting. Public comment is not normally allowed at workshop meetings, although Council may allow, or request participation.

WORKSHOP MEETING CITY COUNCIL AGENDA

May 28, 2014

3:00 p.m.

Departmental Briefings

1. Beckett Landing Preliminary Plat – Development Services
2. Resolution 14-21: Reimbursement for WWTP - Finance
3. 2015-16 Budget Calendar/2015-20 CIP Update – Admin/Fin/Dev Serv
4. Update on 42" Stormwater Outfall Project – Public Works
5. Neighborhood Code Enforcement Process – Development Services
6. Lodging Tax Advisory Committee Review Process – Econ Dev

Pending Agenda Items

1. Opportunity Council Draft Lease

Emerging Issues

1. Establish Working Group with Sno-Isle on Future of Oak Harbor Library
2. Post Office Oak Tree – Establishing an *ad hoc* committee to address use of the wood
3. Oak Harbor Centennial in 2015

Targeted Dates for 2015-2016 Budget Preparation Cycle

| | <u>Process</u> | <u>Date</u> | <u>2014 Target Dates</u> |
|--|--|-------------|--------------------------|
| | Distribute 2013-14 Budget Goals to Mayor, Council and Department Heads | April | 4/16 |
| | Discuss 2015-16 Budget Calendar with Council | April | 4/23 |
| | Resolution Adopting 2015-2016 Budget Calendar | May | 5/6 |
| | Departments Develop Preliminary Budget Goals for 2015-16 Including Captial Projects and Staffing Changes | April/May | 5/21 |
| | Review Citywide Goals and Solicit Council Priorities for Biennium List of Projects for 2015-2020 CIP | May | 5/28 |
| | Council Workshops (2) to Review 2015-16 Budget Goal Drafts Solicit Council and Public Opinion on City Priorities | June | 7/1 |
| | Draft of Projected Revenues for Biennial Period | July | 7/10 |
| | Budget Instructions Completed and Distributed to City Staff. Supplemental Information Prepared and Distributed to Departments. (RCW 35A.34.050 Requirement - 2nd Monday September) | July | 7/13 |
| | Finance Prepares Documents and Coordinates Revenue Estimates | July | 7/15 |
| | Departments Submit Requests for New Programs Based on Budget Goals for 2015-2016 | July | 7/20 |
| | Administration Review of New Programs Requests, Revenue Estimates, and Base Budgets. | October | 7/31 |
| | Preparation of Preliminary Base Budget by Finance | August | 8/15 |
| | Clerk Notification to Department Heads (RCW 35A.34.050) | August | 8/15 |

Targeted Dates for 2015-2016 Budget Preparation Cycle

| | <u>Process</u> | <u>Date</u> | <u>2014 Target Dates</u> |
|--|---|-------------|--------------------------|
| | Develop Target Budgets for Departments. Receive Budgets from Departments (RCW 35A.050) | August | 8/15 |
| | Preliminary Budget Balanced and Budget Document Draft Prepared and Delivered to City Administrator (RCW 35A.34.070 on or before the first business day in the third month prior to the beginning of the biennium) | October | 9/15 |
| | Council Workshop Discussing Expenditure Trends, Programs, and Updating Budget Environment. | October | 10/1 |
| | Public Hearings on Budget Plan (appropriate public notice is provided.) | Oct-Nov | Various |
| | Budget Hearings and Considerations of Departmental Budget Submissions Department Budget Presentations Work Session – Review of Budget Work Session – Review of Budget | October | Various |
| | Public Hearing – Proposed Preliminary Budget. City Administrator files Preliminary Budget with Clerk prior to 60 days before start of fiscal year (RCW 35A.34.080) | October | 10/16 |
| | Mayor's Preliminary Budget and Message at least 60 before start of fiscal year (RCW 35A.34.090) | October | 10/16 |
| | City Clerk Publishes Notice of Preliminary Budget once a week for two weeks. (RCW 35A.34.100) | November | 10/31 |
| | Set Property Tax Levies (RCW 84.52.020 and RCW 84.52.070) | 15-Nov | 11/15 |
| | Motion to Adopt the Preliminary Budget | November | 11/6 |
| | Public Hearing – Final Budget; Required Before First Monday in December (as defined by RCW 35A.33.070) ; Adoption of Budget; Also see RCW 35A.34.110. | November | 11/20 |



Vision Statement

Oak Harbor...a vibrant Whidbey Island waterfront community where everyone is welcome and encouraged to thrive.

Mission Statement

The City of Oak Harbor is committed to creating a vibrant community by delivering quality services, enhancing the quality of life, and fostering economic opportunities.

Goals

- Goal 1: Promote a healthy and growing business community.
- Goal 2: Improve the appearance and livability of the community.
- Goal 3: Encourage a safe community.
- Goal 4: Build and enhance community partnerships.
- Goal 5: Deliver superior quality service to our customers.
- Goal 6: Protect and enhance capital investment in the City.
- Goal 7: Promote a healthy work environment and employee excellence.

Memo

To: Members of the City Council
From: Ethan Spoo, Economic Development Coordinator
Date: 5/22/2014
Re: Lodging Tax Grant Applications – New Process

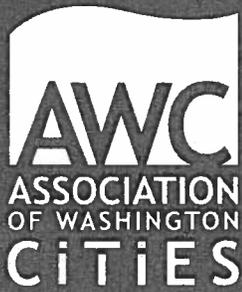
PURPOSE

In 2013, the state legislature modified how lodging taxes can be used. Although the state left the lodging tax award process essentially unchanged, the change in how the tax could be used prompted the City to think about how we could improve upon our own process. With the exception of the 45-day notice rule in which a city council cannot approve new uses of the tax, the grant award process is largely left to cities. Attached, Council will find a newly proposed award process which is designed to attract more applicants, give applicants more information, and offer applicants an opportunity to give a presentation to the lodging tax advisory committee. Also attached is an AWC informational bulletin on the lodging tax.

Staff will discuss the new process with Council at their workshop and is soliciting feedback on the proposed schedule.

LTAC Proposed Schedule

| Single Cycle | | |
|--|------------|--|
| Action | Date | Notes |
| CC Workshop | 5/28/2014 | Advance notice on new system & 45-day clock |
| LTAC Logistics Meeting | June | Discuss: new system, recommendations for empty spots |
| CC Mtg 45-Day Notice | 7/1/2014 | Start 45-day clock |
| Advertise for Submissions/Information Sessions | 7/5/2014 | Allow 45 days for submissions |
| Applicant Information Session | 7/17/2014 | Staff gives information session for potential applicants |
| 45-day requirement met | 8/15/2014 | End of 45-day statutory period |
| Applications Due | 8/20/2014 | |
| LTAC Applicant-Presentations Meeting | 9/4/2014 | Applicant Presentations & Committee Questions |
| LTAC Award Recommendations Mtg | 9/18/2014 | Recommendations made to CC |
| CC Workshop | 10/22/2014 | Advance Notice on Awards |
| CC Award Meeting | 11/18/2014 | Grant Awards |
| Send out award letters | 11/19/2014 | |



Lodging taxes: Beyond the sunset

In 2007, the Legislature granted new uses for hotel-motel, or lodging, tax revenue, including:

- Funding the operation of special events and/or festivals designed to attract tourists (as opposed to marketing, which was already authorized); and
- Funding the operations and capital expenditures of tourism-related facilities owned by non-profit organizations.

The legislation contained a sunset (or expiration) date of June 30, 2013. This session, the Legislature passed HB 1253, which extended nearly all of these uses for lodging taxes. The bill also changed the role of Lodging Tax Advisory Committees and reporting requirements.

What can a municipality fund with lodging tax revenue beginning July 1, 2013?

Lodging tax revenue can be used for all of the uses in place before July 1 except funding the capital expenditures for tourism-related facilities owned by non-profit organizations. Specifically, lodging taxes can continue to be used for:

- Tourism marketing.
- Marketing and operations of special events and festivals.
- Operations of tourism-related facilities owned or operated by nonprofit organizations.
- Operations and capital expenditures of tourism related facilities owned by municipalities or public facilities districts.

How must an applicant apply for lodging taxes?

In municipalities of at least 5,000 population, applications must be submitted directly to the LTAC. In municipalities of less than 5,000, applications are submitted to the city or county as they have been in the past.

All applications must include estimates of how funding the activity will result in increases to people staying overnight, travelling 50 miles or more, or coming from another state or country. To ensure this data is collected, cities should require this information on their lodging tax application forms.

There is no requirement that priority for funding be given to applicants expected to generate the most travelers, and lodging tax revenue may still be awarded to recipients who generate few or none of these types of travelers.

What is the role of the Lodging Tax Advisory Committee (LTAC)?

In a municipality of at least 5,000 population, the LTAC receives all applications for lodging tax revenue and recommends a list of candidates and funding levels to the municipality's legislative body for final determination.

If a municipality under 5,000 chooses to establish a LTAC, they may, but do not have to, follow these requirements.

What does the municipality do with the LTAC's recommendations?

The legislative body "may only choose recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee." However, the city or county does not have to fund the full list as recommended by the LTAC and can choose to make awards in the recommended amounts to all, some, or none of the candidates on this list. The selected recipients must be awarded the amounts recommended by the LTAC.

Does a municipality have to apply to the LTAC for its own projects?

AWC has received different opinions on this issue. However, the State Auditor's Office interprets the new provisions as requiring municipalities to submit an application to the LTAC. Except for projects with a contract or bond obligation already in place, we encourage municipalities to submit applications for their own projects to the LTAC.

continued

What happens to any lodging tax revenue not awarded through the process?

A municipality does not have to make all funds available, or award all funds available, each year. Any revenue remaining may be carried over to future funding cycles.

Cities and counties may want to develop a policy as to how often lodging tax revenue is awarded and what happens to any remaining revenue.

How often should the LTAC recommend and the municipality award lodging taxes?

The law is silent on how often the awards should be made (annually, semi-annually, quarterly, etc.). Some jurisdictions choose to make awards as part of their annual budget cycle. Others make mid-year awards to account for unexpected increases or decreases in projected revenue.

Who must report and how?

All recipients of lodging tax revenue, regardless of what the revenue is to be used for, must submit a report to the municipality describing the actual number of travelers generated. Municipalities should, as part of their contract with recipients, require that the report be provided immediately after the event or activity.

The municipality must make the report available to the public, the local legislative body, the local LTAC members, and the Joint Legislative Audit and Review Committee (JLARC).

JLARC has developed an electronic reporting form for municipalities to submit the required information. That form will be available on JLARC's website later this month: jlarc.leg.wa.gov.

AWC contacts

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