

**DUBLIN CITY COUNCIL**  
**FINANCE COMMITTEE OF THE WHOLE**  
**Monday, February 22, 2016**  
**Council Chambers**

Minutes of Meeting

Mr. Keenan, Chair, called the meeting to order at 5:30 p.m.

Council members present: Ms. Alutto, Mr. Keenan, Vice Mayor Reiner, Mr. Lecklider, Mayor Peterson, Ms. Amorose Groomes. Ms. Salay arrived at 5:45 p.m.

Staff present: Ms. Mumma, Mr. McDaniel.

**Hotel-Motel Tax Fund**

Overview

Ms. Mumma presented an overview of the hotel-motel tax fund. The desire to conduct a workshop regarding the hotel-motel tax fund began with the 2016 Operating Budget workshops, at which time a request was received from the Dublin Convention and Visitors Bureau to increase their funding from 25% to 35%. Council held a brief workshop before an Operating Budget workshop to discuss the request. As a result, Council determined that follow ups regarding some of the questions raised were important – the first of which is tonight.

Chapter 35 of the Dublin Codified Ordinances authorizes the imposition of a six percent tax on lodging within the City. As mandated by State law and reinforced by City ordinance, a minimum of 25% must be provided to the local Convention and Visitors Bureau. Currently, City Code mandates:

- 25% shall be deposited into a separate fund solely set up to facilitate the payment of that allocation to the Dublin Convention and Visitors Bureau (DCVB);
- The remaining 75% shall be deposited into the Hotel/Motel Tax Fund, and can be used as follows:
  - Additional DCVB expenses beyond the 25% allocation
  - Cultural arts
  - Beatification of public property
  - Improvements of the Historic District
  - Special events
  - Any other project/expenditures that would enhance the City's appeal to visitors

As part of the November Operating Budget discussions, the funding for DCVB was increased from 25% to 35%. City Code has not been amended to reflect that change, as presently, that additional amount was identified as a permitted use from the 75% portion of the Fund.

Beginning this year, this will be handled as follows:

- 35% of the revenue will be set aside for payment to the DCVB;
- the remaining 65% will be retained by the City and used for a number of items:
  - Payment to the Dublin Arts Council, pursuant to that agreement
  - Public Art
  - Events administration
  - Community grants
  - Debt service on the Dublin Arts Council building

Based on the 2016 estimate of hotel-motel tax revenues of \$2.2 million, that would provide \$770,000 for the DCVB and \$1,430,000 to be retained by the City. In 2011 through 2015, the hotel-motel tax revenue grew -- there was an overall 31.2% increase in hotel-motel tax revenue. Because 35% will now go into a separate fund for the DCVB, Council will discuss the use of the remaining 65% of the tax retained by the City – which goes into the Hotel-Motel Tax Fund.

#### Hotel-Motel Tax Fund Revenues

In addition to 65% of the hotel-motel tax revenues retained by the City, the Fund also receives revenue from City events, including receipts from event related to:

- o Gate Admissions
- o Emerald Club
- o Beverage Sales
- o Permit Fees
- o Contributions/Donations
- o Rental Income

There is also an “Other/Miscellaneous” category, which accounts for any interest earned on any money within the Fund.

The revenue received in the fund is split about 50-50, with 50% coming from the bed tax itself (65 percent of which is retained by the City) and 50% coming from event revenue. Interest income makes up a negligible amount of the fund revenue.

#### Hotel-Motel Fund Expenditures

The bed tax expenditures are characterized in four different ways:

1. Public Art, including:
  - o Personnel costs related to the Public Art Conservation/Contract Specialist
  - o Maintenance and management of public art
2. Events, including:
  - o St. Patrick’s Day
  - o Independence Day
  - o Dublin Irish Festival
  - o Spooktacular
  - o Personnel within Events Administration

Note: Staffing costs for events, other than for the employees within Events Administration, are not charged to the Hotel/Motel Tax Fund. The overtime pay for other staff working events is charged to the individual staff member’s department. The personnel costs paid from the Hotel-Motel Tax Fund are for the staff positions which specifically support Events.
3. Community Grants, including:
  - o The bed tax grants awarded by Council each year
  - o Annual endowment to Dublin Arts Council
4. Debt Service on the Dublin Arts Council building

#### Specifics related to each Expense category

##### Events

City events are the largest expenditure within the Hotel-Motel Tax Fund. These are the total costs to the City, not just those covered by the Bed Tax Fund. There is staffing from a number of

different departments who work at Events. The net cost to the City ranges anywhere from \$230,000 (2011) to \$420,000 (2014). Approximately \$250,000 of the expense is incurred by the General Fund or General Fund subsidized departments. This \$250,000 expense for staffing is considered a subsidization of the events.

- o St. Patrick's Day (2011-2015) - brought in minimal Revenue of \$7,100 - \$14,000. The expenses ranged from \$50,000 - \$75,000, resulting in a net cost to the City.
- o Independence Day – net cost to the City ranged from \$270,000 - \$430,000.
- o Spooktacular - there is no revenue. The net costs are \$30,000 plus.
  
- o Dublin Irish Festival – The City's largest event. Typically, the event is profitable, with a peak in 2015 of \$2.2 million. Expenditures range from \$1.6 million - \$2 million.

### Community Grants

These are the hotel-motel tax grants. Grant applications from community organizations are heard each fall, and grants made as follows:

- Criteria – The organization must be a tax-exempt, not-for-profit organization
- The grant application must focus on one of the following areas:
  - o Beautification of public property
  - o Improvement of Dublin's historic district
  - o Projects/events that appeal to Dublin visitors/tourists
  - o Special events
  - o Other projects that will enhance Dublin
  - o Cultural arts
- Priority is given to those grants that will benefit the community in one of these ways:
  - o Generate overnight stays in Dublin hotels
  - o Encourage support of Dublin businesses, restaurants and attractions
  - o Attract positive coverage in local, regional and national media
  - o Reach a broad segment of the community
  - o Request seed money for inventive programs related to the aforementioned criteria
  - o Seek multiple sources of support rather than rely on City as a single funding source
  - o Yield benefits to the community for the resources invested
  - o Promote cooperation among event organizers to reduce costs
  - o Enhance or improve community
- Grant amounts:
  - o The actual expenditures have ranged from \$100,000 to nearly \$180,000 (2015) over the course of the past five years.
  - o In addition to these grants, the City also grants money to the DAC in the form of an endowment. That amount over the past five years has increased from \$467,000 to \$512,000. Their actual endowment is \$75,000 more – for the Arts in Public Places.

### Dublin Arts Council (DAC) – Overview of Financial Arrangements:

- In 1988, the City began providing funding to the DAC in the form of an annual hotel-motel tax grant
- In 1997, Council authorized funding to the DAC in the amount of 25% of the actual hotel-motel tax revenues for a three-year period beginning in 1998. The agreement stipulated

that the DAC would be required to continue the AIPP program as well as become the organization through which all arts grants would be directed.

- In 2000, the City purchased and renovated the property at 7125 Riverside to house the Dublin Arts Council and provide programming space. This resulted in the City issuing approximately \$2.1 million of General Obligation debt. That debt will be retired in 2020.
- At same time, a lease agreement with the DAC was entered into in August 2000. The lease provided DAC with an endowment in which the organization would receive 25% of the projected bed tax revenue (per the schedule determined at that time). The annual growth in projected revenue was 2%; therefore, the annual increase to the DAC would be 2%. The amount ranged from \$405,000 (at the outset) to \$730,000 (end of agreement – year 2026)
- The agreement stipulated that in the event that the actual bed tax received by the City is greater than the projected bed tax revenue, the DAC endowment would remain at 25% of the projected bed tax revenue. This provided a guaranteed payment stream to the DAC in the event that the bed tax revenue fell below the projection, which has occurred only twice within that period of time.
- Additionally, the lease agreement provided that the DAC would pay rent to the City over a 26-year period. The amount of the rent was initially \$60,000, increased by \$2,000 each year to a maximum amount of \$110,000 annually.
- The lease payments could be paid to the City or withheld from the monthly endowment, which is how it has been handled.
- It is important to point out that the endowment increased at a rate of two percent, which was in excess of the increased rent expense each year.
- DAC is responsible for: Utility services, janitorial services, and minor repairs (non-structural repairs, maintenance and replacements to interior/exterior, mechanical systems up to \$500 per occurrence)
- The City is responsible for: furnishing and maintenance of utility lines, refuse collection, maintenance of grounds (mowing, snow removal, landscaping), repair and maintenance of premise (interior/exterior, structural, non-structural, mechanical systems, grounds)
- Additionally, DAC has an option to purchase at different points in time at fair market value.
- In 2012, the lease agreement was modified. As part of the modification, the rent was reduced, which would ultimately result in a \$260,000 savings between 2013–2027. The funding endowment of 25% of the projected bed tax revenue remained unchanged.
- Additionally, it stipulated that the DAC would use \$75,000 annually from the endowment for AIPP. The City would withhold that amount from the monthly distribution of their tax revenue.
- As part of the AIPP program, the City agreed to reimburse DAC up to 15% of the commission price for work done as part of the AIPP program.
- The issue of the DAC funding – 25% of the projected revenue versus 25% of the actual revenue – has been brought up at various points in time.
- Since 2011, the DAC has received \$2.8 million. Twenty-five percent of the actual amount of hotel-motel tax revenue received in that time period was \$3.2 million, a difference of nearly \$400,000.

Debt Service – DAC Building:

- A general obligation debt of \$2,115,000 was issued for the building purchase and renovation. That debt will be retired in 2020.
- The annual payments are \$162,255 - \$166,460.

Revenue vs. Expenditures Comparison for the Hotel-Motel Tax Fund

In 2014, the revenues and expenditures matched. There was no growth in the Fund balance. In 2015, 2011 and 2013, revenue was received in excess of the expenditures. From 2011 through 2014, the Fund was stable. In 2015, the City experienced a stellar Dublin Irish Festival event, and there was growth in the Hotel-Motel Tax Fund.

**Hotel-Motel Tax Fund – Fund Balance Recommendation**

To date, there has been no fund balance policy in place for the Hotel/Motel Tax Fund. However, staff believes it is prudent to put into place a policy or guideline. Based on her analysis of the Fund revenues and Expenditures and discussion with the Events Director, the following is recommended:

- Establish a minimum fund balance requirement within the hotel/motel tax fund of 100% of the total hotel/motel tax estimate for the year. In 2016, staff is projecting bed tax revenue of \$2.2 million. The following was taken into consideration in defining that amount:
  - Approximately 70% of fund revenue is weather dependent; similarly 75% of the expenditures are incurred regardless of whether the event occurs. Although the likelihood of a rain out for all three days of the event is slim, it is best to plan for worst case scenario. The Dublin Irish Festival is the primary driver for both revenue and expenses in terms of events -- approximately \$1.5 million each.
  - The annual debt service on the DAC building is approximately \$165,000.
  - Per City commitment to DAC, the average endowment to DAC through 2016 will average \$665,000 through 2026. In view of those considerations, staff believes that tying the fund balance to one year's worth of revenue in the hotel-motel tax fund is appropriate.
- Remaining Fund Balance (as of 12/31/15): \$1.8 million
  - That amount is available for discretionary spending.
  - As those funds are expended, consideration should be given to the cumulative/ongoing impact – are they one time or ongoing, which could potentially draw down that Fund balance over time?
- Recommended priorities:  
After setting aside the minimum requirement for the Fund, the recommendation would be to:
  - Set aside Future Capital Improvements (approximately \$500,000), such as: funding for future improvements to the DAC building; future cultural arts district; investment in infrastructure to improve event experience.
  - Additional support of DAC and DCVB. The DAC has requested that they receive 25% of the actual (not estimated) bed tax revenues. The financial impact, based on a five-year average – would be approximately \$80,000 more provided to DAC.
  - Community grants— would be the last priority.

The City's bed tax revenue is \$2.2 million. That is broken out between 35% to the DCVB and approximately 25% to DAC. Passed on their 2016 estimate, that leaves approximately \$830,000 for the City's bed tax fund. That amount, in combination with the \$2.4 million projected in 2016 event revenue, is what is available for what the City budgets for each year. For example, in 2016, \$3.2 million is budgeted for Expenditures for Events administration; \$185,000 for Public Art; \$200,000 for Community Grants Program; \$162,000 for Debt Service. Comparing the budgeted Expenditures versus anticipated Revenue into the Fund, there is a deficit of \$559,000. That, however, is consistent with the City's conservative revenue estimates and expenditure projections. This is the manner in which the City prepares its budgets. The likelihood of that occurring is slim. In 2015, the City budgeted similarly, but the Fund balance increased because the actual Fund revenue far exceeded the Expenditures. If, however, what occurred was consistent with the budget, the Fund balance would be depleted by \$560,000 this year – a reduction in the Fund balance from \$4.1 million to \$3.5 million. That would alter the discretionary spending from \$1.8 million to \$1.3 million. There could be one year in which the Expenditures exceeded the Revenue where the City would rely on that Fund balance.

In summary, staff believes it is appropriate to have a Fund balance equal to 100% of the projected bed tax revenue for the year.

Mayor Peterson inquired if the 100% of the reserves, as she stated, is added to the bed tax. Ms. Mumma clarified that instead of 100% of the reserves, she meant 100% of the hotel-motel tax revenue.

Mayor Peterson noted that she indicated the Fund balance was \$4.1 million, which would far exceed that 100% amount.

Ms. Mumma responded that it does. What they intended to show was a plan or framework. Now we know that we have approximately \$1.5 million in the event something happened at the Dublin Irish Festival, such as a rain out. Although the Fund is healthy, this provides a plan of action in view of the overall impact over time.

Mr. Lecklider stated if the "trend" shown occurred, the Fund balance would be reduced by \$500,000.

Ms. Mumma stated it should not be characterized as a trend. The numbers for 2016 reflect conservative budgeting. Those numbers usually do not occur, but it is the appropriate way to budget. In years 2001 – 2014, the revenues and expenditures matched; there was no Fund increase. That is what she considers the trend -- our expenditures match the revenues.

Mr. Keenan stated that conservative expenditures means a worst case scenario, or liberal expenditures, correct?

Ms. Mumma responded affirmatively.

Mr. Lecklider stated that if the City proceeds with the funding for the Arts Council and DCVB, and in continuing the conservative approach, could we experience a \$500,000 decrease in the Fund balance?

Ms. Mumma responded that the budgeting approach would not change for 2017, so unless something significant occurred in regard to Events, she would anticipate this to be consistent next year. It is important, however, to look at the long-term impact of changes. Having a Fund balance will allow the City to do some things without worrying about weather impact on an

event. Having a Fund balance that is of 100% of the total hotel-motel tax estimate for the year will enable the City to absorb the impact of occurrences outside its control.

Ms. Alutto inquired if keeping the fund balance at this level would enable the City to continue providing these events if the bed tax revenue should be reduced significantly due to something such as an economic downturn. If so, for approximately how many years?

Ms. Mumma responded that given that the City's event revenue is so weather dependent, that is difficult to project. There could be a combination of that financial impact compounded by a reduction in bed tax revenue. Having a fund balance of \$2.2 million, or 100% of the total hotel-motel tax estimate for the year would certainly allow the City to continue its events that year. There is also a cash flow need, as the revenue is not received until the event itself.

Ms. Alutto responded that she understands there is a timing issue with expenditures versus revenues. What does the statute require that the City keep versus the 100%?

Ms. Mumma responded that there is no statutory requirement. This is the City's Fund, and the City has the ability to govern how it sees fit. There is no minimum.

Mr. Reiner noted that, regardless of the weather, isn't there a certain amount of revenue guaranteed by vendor space rental? A certain amount of the revenue also comes from event attendance and alcohol sales. What percentage of the revenue is subject to weather impact?

Ms. LeRoy responded that approximately 75% of it is weather dependent. There would also be decisions to be made regarding rainchecks or discounts the following year.

Ms. Salay inquired the terms of their contracts.

Ms. LeRoy responded that the contracts indicate there are no refunds.

Mr. McDaniel noted that event insurance exists. The City does not carry it, although it did in the past. The City is self-insured. The coverage is expensive and there are questions about how much of an event is covered. Some risk remains. Even if the City paid an expensive premium for that coverage, the City would probably still want a solid reserve policy in place.

Mr. Keenan stated that he would estimate the cost of that insurance would be \$15,000-\$20,000. At the end of July, this area does not receive significant rain. That is usually a dry time, and historically, the City has been fortunate. The City might be willing to continue to assume that risk. The retention on the policy would be significant, as well – perhaps \$50,000-\$100,000.

Ms. Salay stated that she is comfortable with this reserve policy. She appreciates the level of detail.

Mr. Keenan inquired if the grant criteria is set by Ohio Revised Code, as is the 25% percent for the Convention and Visitors Bureau.

Ms. Mumma responded that they are not. Council determines the grant criteria by ordinance.

Mr. Keenan stated that the criteria could be modified by Council action, if desired. Does the DAC building agreement address the cost of the maintenance, grounds keeping, roof repair, mechanicals, etc.?

Ms. Mumma responded affirmatively. Any capital improvements to the DAC building pursuant to the lease agreement are charged to the hotel-motel tax fund.

Mr. Keenan inquired if that is addition to the normal expenditures.

Ms. Mumma responded affirmatively.

Mr. McDaniel noted that the capital improvements are above and beyond those responsibilities defined in the lease.

Mr. Keenan stated that the City owns the AIPP items, so the maintenance expense for those pieces is the City's, as well.

Ms. Mumma stated that is correct. It is addressed under Expenditures - Public Art Administration and Maintenance.

#### Dublin Convention & Visitors Bureau (DCVB)

Mr. Keenan stated that the percentage allocated to DCVB, as discussed at the Budget meeting, was increased from 25% to 35%. Council needs to discuss this issue. There has been some discussion about the fact that one Council cannot necessarily tie the hands of future Councils.

Ms. Salay stated that at the time of this action, she had some questions that were not answered. All Council members want to be supportive of the DCVB. Council appreciates what they do for the community and want to see them continue to be successful. She voted to support the increase. However, she is curious about what the additional funds will be used for. The City has two hotels coming on line with an event center that will bring in a significant increase in bed tax revenue. She is comfortable with the 35% allocation this year, but wonders if the intent is to provide that percent in perpetuity, or something different going forward? With an ever-increasing base of revenue, it may not make sense to increase the funding by that percentage. Certainly, it is appropriate for DCVB to have a set amount, and Council has supported that, but she would like to define a way in which the City can provide the funding they actually need. She had asked Mr. Dring at the earlier hearing what they are intending to do with the additional funds. Do they intend to hire additional staff? Attend more conventions to promote Dublin? Will the DCVB be bound to that amount, and what is the City's intent with regard to that? She has the same questions for DAC. They are now asking for 25% of the actual revenue, but what if that actual revenue amount decreases? What type of budgetary decisions do they intend to make – do they intend to hire an additional staff person to run the art program in Dublin? During the previous economic downturn, Dublin's economy was not significantly impacted, but the bed tax revenue did decrease somewhat. Are they bound to that amount, and what is the City's intent related to that? Versus percentages, she may be more interested in the use of actual amounts that are included in the annual budget discussions. She is simply raising some questions and suggestions that she has had.

Mr. Keenan noted that he believes some clarity is needed.

Mr. Salay stated that clarity is needed for them and for the City. She is not convinced about making this percentage for the DCVB 35% in perpetuity. She is interested in an increase of funding, but via a different method.

Ms. Alutto stated that she makes a very salient point. She would like to see cause and effect for that increase -- perhaps it is a yearly review that demonstrates how the extra dollars were invested and the outcome of that additional investment. She believes that Council needs to be careful in terms of keeping with the spirit of Council's action in December. Both she and Ms. Amorose Groomes were in the audience at that meeting. She concurs with her statement that the action was taken rather quickly -- she was surprised at the speed at which that occurred. It

is important, however, to remain consistent with the spirit of that action, but also ask for the return on investment for that, asking the Bureau to do their due diligence to prove that the return is truly worth the time and money invested. She would like to discuss the new endowments separately.

Ms. Salay agreed. With this plan, the City may need to wait a couple of years to see a return on the investment. She does not want to restrict either organization. It is not a case where they need to show good results or their funding will be cut off – that is not the right spirit and not what the City has ever done. She is not certain of the specifics, but there is some work to be done -- a conversation is needed among all of us. There is an overarching desire, however, to be supportive of both the convention and visitors bureau and arts council.

Mr. Lecklider stated that those are all good points, with which he is in agreement. He appreciates the information provided this evening. He would preferred to have had this information in December. Going forward, he likes the concept of flexibility in funding beyond 25%. One of the questions he asked at the time was if an increase to 35% is made to DCVB, what cuts would be made for other areas? There is less funding for somebody, and one constituency that is not represented in this conversation, that does not have the defined leadership that DAC or DCVB have – are the community grant recipients. There may be less money available to them as a result of increases in funding that Council makes elsewhere. If the City maintains its conservative approach, it would seem that cuts need to be made somewhere.

Ms. Mumma responded that the level of the City's General Fund balance allows the City that flexibility. If something were to occur one year and the City decides to give away additional money to a particular organization, that doesn't necessarily mean that it is essential to make it up somewhere else. With the exception of 2015, the Fund has had a relatively stable balance – the revenues were meeting the expenditures. If Council increases Expenditures but everything else remains the same, over time that can degrade the Fund balance. She is not suggesting that Council make any additional changes today. If Council does decide to provide additional funds to an organization, at this time it is not essential to make a corresponding change elsewhere. It is preferable to provide a hierarchy that identifies where an adjustment would be made – which would likely be Community Grants -- and work from there. That is the advantage of having a Fund balance in excess of the City's policy. There have been many examples where, because the General Fund balance exceeds the 50% requirement, there have been opportunities for additional projects.

Mr. Keenan stated that he fully supports both organizations. In fact, as DAC Board President he helped craft the original lease agreement for the Gelpi Mansion several years ago when the City purchased it. The DAC Board was very pleased as the agreement was very favorable to DAC – not just the funding and lease, but the maintenance component, as well. It was an older building and would require a lot of work. He was not present at the meeting when the DCVB additional funding was approved, but he believes a compromise increase was merited. He was not necessarily in favor of 10%. He favored 5% -- he believed that increasing it from 25% to 30% was reasonable. Because of the growth in the hotel-motel tax revenues, a 10% increase would represent a 40% increase of the existing amount being provided. A 5% increase would be a 20% increase of the existing amount funded.

Mr. McDaniel confirmed that is correct.

Mr. Keenan stated that Council has dealt with personnel compensation decisions, discussing one-two or three percent increases. Council discusses being accountable from a budgeting perspective. Council has been very fair. He believes Council will remain with what is already on the table, but he wants to see some accountability for this money. Council knows that the DCVB does a good job, and Council and DCVB all have the same objective – to serve our residents, including corporate residents.

Mr. Reiner stated that what he is hearing is that Council consensus seems to be supportive of the 35% distribution for DCVB, renewable, with a review next year. He supports the DAC endowment of 25% of the actual revenue, and making it obligatory that is what they will live with, even if the hotel-motel tax revenues decrease in a future year.

Mr. Keenan stated that there needs to be clarity for both organizations.

Ms. Amorose Groomes stated that she has read the last DCVB board meeting minutes and noticed that they had pursued new leasing options and executed leases. A small business owner has fixed costs and other variable costs, depending on how much advertising occurs. The City needs to be respectful of that. It will take time to see returns on those investments. As part of the review process, she would like the opportunity to challenge one another and develop a vision. The current vision can be created; it is safe and success is certain. On the other hand, what might happen if there was another direction? She has had some discussions with these folks. To justify increases, what else will they be doing? She has heard that the Bureau intends to expand their marketing efforts, going to Nashville, and doing some Bridge Street marketing. They anticipated additional staffing hours for those efforts. She would like to add a “what if” component to discussions – if they had funds, into what spheres of influence could they move? She prefers not to continue to do the same predictable, safe things with predictable outcomes.

Ms. Salay stated that is a good point. Council is supportive of an increase but is interested in having more information.

Mayor Peterson stated that what occurred at the budget hearing was a positive sign that Council’s gut reaction is to be supportive of DCVB – everyone was unanimously supportive. However, Mr. Lecklider’s point is also good – giving more in one place means we take from somewhere else. We need to be sensitive to that aspect. It is not just semantics. When we talk about a 10% increase, that is a 10% increase in the size of the pie but a 40% increase in the amount of money they will be receiving. That is a substantial increase. Although he does not believe Council members are interested in calling that back tonight, he does believe that over the next 12-24 months, a direct accountability for that type of increase is a warranted request. He is certain DCVB will be able to document the amounts and progress they are making.

Mr. Keenan inquired staff’s suggestions for the type of input Council would be looking for from the organizations. Direction will be needed.

Ms. Mumma stated that the executive directors provide regular updates. That would be a starting point and could be expanded upon.

Mr. Keenan stated that he would like some details to be defined, so there is understanding of the requests.

Mr. McDaniel stated that Council has always been supportive of new ideas and innovation. The predictability piece is helpful to these organizations, and stating 25% or 35% provides them a

level of predictability. There is also a General Revenue Fund (GRF), which could be used for innovation or stimulus efforts. That is a policy decision that Council can always consider.

Ms. Amorose Groomes noted that she would not be interested in repealing anything that Council has already done. She would like to see their budgets in the future with fixed costs and costs for other purposes.

Mr. Keenan requested Council consensus on approving the Fund reserve as recommended by staff.

Ms. Alutto asked if it is 100% of the actual hotel-motel tax revenue from the previous year.

Ms. Mumma clarified that it is 100% of the amount of hotel-motel tax revenue projected for the current year, remaining consistent with the City's conservative revenue estimates.

Ms. Amorose Groomes inquired if she has a recommendation in regard to the difference between what is in place now for reserves versus the new amount.

Ms. Mumma responded that the City currently has \$4.1 million in the Fund. With what is proposed tonight, the new minimum Fund balance would be \$2.2 million. There is a \$1.8 million gap for discretionary spending.

Ms. Amorose Groomes stated that she is not comfortable with \$1.8 million for discretionary spending. What is planned for that?

Mr. McDaniel responded that he would recommend a policy be defined for that amount. The decision could be to grant that out over time, or a defined amount could be granted per year over a period of time.

Ms. Mumma stated that what is termed "discretionary spending" is focused on the following City priorities: what capital improvements might be needed by the City, or projected.

Mr. Keenan noted that there will be opportunities with the new Riverside Park.

Ms. Mumma responded that is correct. An example of this is the I270-US33 interchange, which has an art component. It was not a substantial amount, and it was possible to charge the Bed Tax Fund for the art component -- \$200,000. Staff's recommendation is not to have the minimum in the Fund; it is preferable to leave funds for flexibility. This will provide the City resources for items such as: items associated with the new Riverfront Park, fiber in City parks for improved visitor experience for the Dublin Irish Festival. It is also possible to consider further support of the DAC or the DCVB beyond the commitments in place, and for the community grants.

Mr. Keenan stated that it is important to recognize how fortunate Dublin is to have these resources that warrant this discussion. He is not aware of any other suburban area that has that kind of activity in terms of new hotels.

Mr. Lecklider stated that is correct. At least one central Ohio city, perhaps more, had to cancel funding of their July 4<sup>th</sup> activities in recent years, and none of them have the luxury of spending what Dublin does on its July 4<sup>th</sup> celebration. As he understands it, the 100% level of reserve that is proposed is a static number. It can increase if the bed tax revenue increases. The City is not adding \$2.2 million to the fund.

Ms. Mumma stated that when that Fund balance grows, it is not always as a result of the bed tax increasing. The revenue is comprised of: (1) 65% of the bed tax revenue, and (2) City event revenue.

Mr. Reiner stated that it is always exciting to work with these two organizations – both are so creative. The art on the freeway exchange is just one example – it is stunning.

Mr. Lecklider stated that he did not hear any dissent in regard to the funding change for DAC.

Ms. Mumma stated that the City is currently paying out January receipts for bed tax revenue in March, so the City could pay out the higher percentage to the DAC, which will correlate with the payment being made to the DCVB, if Council so desires.

Ms. Amorose Grooms moved to fund the DAC at 25% of the actual bed tax revenue.  
Mayor Peterson seconded the motion.

Vote on the motion: Ms. Salay, yes; Mr. Lecklider, yes; Vice Mayor Reiner, yes; Mr. Keenan, yes; Ms. Alutto, yes; Mayor Peterson, yes; Ms. Amorose Grooms, yes.

The meeting was adjourned at 6:35 p.m.

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Clerk of Council