

**DUBLIN CITY COUNCIL
FINANCE COMMITTEE
Tuesday, March 14, 2023 – 4:00 p.m.
5555 Perimeter Drive
Council Chamber**

Meeting Minutes

Ms. Alutto called the Finance Committee meeting of March 14, 2023 to order at 4:00 p.m.

Committee members present: Ms. Alutto (Chair), Ms. Amorose Groomes, Mr. Keeler.

Staff members present: Mr. Stiffler, Ms. O'Callaghan, Ms. Gischel, Ms. Hoffman, Mr. Ranc, Ms. Goliver, Mr. Ranc, Ms. Murray, Ms. Ritzler

APPROVAL OF MINUTES

Mr. Keeler moved, Ms. Amorose Groomes seconded to approve the minutes of the February 14, 2023 Finance Committee meeting.

The motion passed by the following vote: Mr. Keeler, yes; Ms. Alutto, yes; Ms. Amorose Groomes.

DISCUSSION ITEMS

Hotel Motel Tax Grant Policy

Ms. Goliver provided an update regarding the Hotel Motel Tax Grant Policy. Each year City Council budgets 6.5% or \$225,000 whichever is higher, for grants to community organizations for community events. The Finance Committee instructed staff to review the Hotel Motel Tax Grant process to create a system for application review. The recommended policy establishes a scoring rubric based on quality of life and fiscal sustainability.

Ms. Goliver shared benchmarking from:

- Richland, Washington –
 - priority placed on overnight stays and out of town events
 - priority placed on events taking place in off-season
 - recipients are required to promote the City at the event
 - applicants are required to submit final report
- Kirkland, Washington –
 - scored on points system
 - priority placed on events that support the City's commitment to being safe, inclusive, and welcoming
 - requests information on how many visitors coming from over 50 miles away and will likely stay and offer economic development benefit
 - applicants are required to promote the City and submit a final report
- Renton, Washington –
 - applicants scored on a point system
 - priority is placed on overnight stays and people traveling from 50+ miles

- event organizers enter into contract with the City and name the hotel they will work with
 - 25% grant match required
- Wapakoneta, Ohio –
 - not many requirements
 - score on a point system
- Canal Winchester, Ohio –
 - cap of \$2,000
 - pass-through funding prohibited
- Columbus, Ohio –
 - based on categories by amount of sponsorship dollars generated and attendance
 - no funding beyond 50% of event budget
 - applications are reviewed by criteria adopted by Council
 - requires a final report
- SWACO Event Waste Reduction Grant (EWRG) –
 - 25% grant match required
 - pass-through funding prohibited
 - requires an itemized list of expenditures and final report

Ms. Goliver shared Dublin's previous grant requirements. The requirements match the items that the Hotel Motel Tax Fund was created to fund. She noted that the City currently funds many of these items through other avenues. Staff is recommending expanding eligibility requirements to include a 25% grant match; a requirement that the organization that is awarded grant funds shall be the organization that expends the dollars; a requirement that funds be utilized for a specific event/project; requirements that funding not go toward stated limitations; and a requirement that the organization adequately recognize the City of Dublin's support. Ms. Goliver reviewed staff's recommended changes to the Limitations. Staff is recommending that staffing be added to the first Limitation and that conferences be disallowed because they have limited benefit to residents, as well as organizational expenses not related to the event. Staff recommends implementing a points system to score applications. Priority would be placed on projects that support Council's goals and that bonus points would be awarded for new events and events that benefit Dublin-based organizations. Many previously listed priorities are not going away but are clarified with the proposed policy. Each achieves the overarching goal of providing residents quality of life.

Ms. Goliver shared the proposed scoring rubric that states the criteria and associated points as follows:

Connected Community - 10

Physical and Mental Resilience – 10

Social and Cultural Resilience – 10

Fiscal Sustainability (highest points but not most important) – 15

Environmental Sustainability – 5

Bonus Points: 2 each for New Events (the event/project is new to the City or has not occurred in the last five years) and Beneficiary (the beneficiary of the event/project is a Dublin-based organization).

Staff offered an alternative option of considering sports tournaments separately using a formula to determine the amount awarded based on the anticipated cost of city services. For returning tournaments, the formula would be anticipated cost of city services plus 50% of past year return to the City. The new tournament formula would be the anticipated cost of city services plus 50% of the anticipated return to the City. A chart was shown that displayed what it would look like if the formulas were applied to the 2023 grant process.

Staff is also recommending formalizing a Final Report to include attendance, hotel stays, description of how the event supported the grant criteria, report on revenue and expenditures, summary of plans for next year, receipts, promotional materials, photos, and other material deemed relevant. Reimbursement will not be administered until receipt of final report. Ms. Goliver closed by stating that staff is seeking feedback from the Finance Committee on the proposed Hotel Motel Tax Grant policy.

Ms. Alutto thanked staff and invited comments from the Committee.

Mr. Keeler stated that emphasis needs to be placed on overnight stays. This rubric does that. Some of the recommended policies are vague. He would like to make those more explicit. Running these existing events through the rubric makes sense. He has concerns about implementing some criteria because they are subjective. Overnight stays are black and white assuming results can be validated. Other criteria like Environmental Sustainability and Social and Cultural Resilience, are difficult to quantify. He asked for an example of scoring on Connected Community. Ms. Goliver stated that an event that is free for the public to attend would score higher as they encourage community building more than an event with a higher cost to attend. Mr. Keeler stated he would prefer the criteria be less subjective.

Ms. O'Callaghan explained that the approach was that the applications would not be scored in a vacuum but in relation to one another.

Ms. Alutto stated that an applicant would be challenged by figuring out how to describe how an event meets these criteria. There is no way for an applicant to know the array of applications. Having an example would be helpful. The first criteria feels easy. The second and third are less clear to her. Sometimes these things need to be tested to see how they work out. She likes the fiscal sustainability piece. She appreciates the pass-through language. She thinks a final report is very important. If grants will be awarded through a scoring rubric, she would like to see the final report follow these same major themes. That will help decide how to score some of these things. Consistency is important. Proposals and final reports should be written to the same rubric.

Ms. Alutto asked for clarification around sports tournaments.

Ms. Goliver stated that staff was offering the option of separating sports tournaments from this rubric. A formula would be used for the sports tournaments instead of the rubric. Ms. Alutto asked how that would work from a budget perspective. Ms. Goliver stated that when staff looked at the 2023 grant awards, the total used for sports tournaments was \$68,941 and the rest would be for community event grant awards. Ms. Alutto stated that she is interested in talking that through because it is not the same number every year. She would want to hear from Visit Dublin since the City receives a lot of information from them.

Mr. Ranc stated that separating the sports tournaments helps with the goal of considering the data in an objective quantifiable way. Hard data exists that allows an objective way of grading the applications.

Ms. Amorose Groomes stated this is a logical way to look at this. She believes the grant awards program is an economic development tool. In the City's economic development strategy, there is a percentage of growth assigned to it. She posed the question of whether this is more of an inward or outward facing policy. The scoring rubric gives 30 points to softer benefits and only 15 to fiscal sustainability. If many applications score high on other criteria and do not bring in overnight stays, then the balance will decline year over year. We must decide if fundamentally this is an economic development tool or a community service tool. There are good arguments for either. She suggested identifying what Visit Dublin and Dublin Arts Council need year over year to continue services, assuming a 2% growth. We have to generate revenue through the bed tax. To her, this grant award program is an economic development tool, not because she does not want to do the other events, but to continue funding these organizations as we have and to simply apply Council's objective of being a global city of choice.

Ms. Alutto stated that she sees it as an economic development tool and a community benefit. Over the years, there have been small events that are truly a benefit to the community more than offering an economic development benefit.

Mr. Keeler stated that to him, this should serve two purposes: economic development and community benefit. Council's vision comes as a consequence of doing both. We have to emphasize the generation of bed tax dollars without sacrificing the community benefits that these events provide. He is supportive of the evaluation of the sports events because it heavily weights the bed tax contribution. The rubric needs work. It is not only about making money, but it is about fiscal responsibility and sustainability. Ms. Amorose Groomes stated there is a need to make sure we generate enough to do the things. She suggested possibly assigning a percentage of funds to sports programs. Ms. O'Callaghan stated that staff felt introducing the match component and the higher weight on fiscal sustainability addressed the economic development perspective. Staff proposed a match of 25%, but that could be increased as events become more established. Higher points were placed on fiscal sustainability, but they could place even greater weight in that area.

Ms. Alutto suggested a different way of thinking through the scoring. Applications could be scored as good, better, best with an associated weight. We need to determine how that would count towards total points. Deciding between 1, 2, or 3 is easy. She is interested in separating out the sporting events, but it is important to understand the span of sporting events in order to be as inclusive as possible.

Ms. Amorose Groomes stated that if we decide on the rubric and the match, it is important to add a timeframe. If in three years an event cannot reach a 50% match, it is not sustainable. This grant program should not subsidize events in perpetuity.

Ms. Alutto asked if Dublin requires sports events to book rooms in a Dublin hotel. Ms. Gischel stated that it is strongly urged and they are informed that it goes toward this process. Ms. Amorose Groomes stated that it is easier now with a portal to track where visitors are staying. There are hotels in our community that participate and contribute

and some that do not. If we only fill up those non-contributing hotels, then we are only treading water at best. We may want to refine that list for sporting events.

Ms. Alutto agreed. She noted that we may want to add a clause allowing for exceptions.

Ms. Goliver stated that staff found with some benchmarking that some cities had a request for the specific hotel. This would give staff the opportunity to have that conversation early on. Ms. Alutto stated that it is easy to see that people could confuse what is in Dublin and is not.

Mr. Keeler referenced the scoring for community events and asked how that would translate into the award. For example, would an organization obtaining the highest score of 34 receive 100% of their request? He also asked why Dublin Special Olympics was not considered a sports event. Ms. Goliver stated that intent is to give the Committee a more informed decision-making tool. They chose to break out the Special Olympics because there is a larger benefit to residents, but it could be considered a sports event. Ms. Alutto stated that it would be difficult to assign a percentage to the score. The numbers vary every year.

Ms. Amorose Groomes noted that the JASCO event scores highest, but is likely to garner the lowest hotel nights. That proves the point of the scoring points being loaded.

Ms. O'Callaghan added that JASCO is an organization we fund with economic development funds as part of the economic development strategy.

Ms. Alutto suggested adding a question regarding other funding received from the City.

Ms. O'Callaghan stated that they could also ask if the organization receives funding from other organizations.

Ms. Goliver stated that staff will look at the fiscal sustainability of the rubric; the weight of scores; moving forward with separating out the sports tournaments; and amending the match based on number of years of events.

Ms. O'Callaghan stated that at the outset they can state the goal of encouraging bed stays and leveraging private funds.

Ms. Amorose Groomes stated that the Committee could provide feedback directly to staff and not each other. In order for organizations to plan, she feels compelled to get this done the right way and as quickly as possible.

Ms. Alutto suggested staff put together a communication plan to send to previous applicants to let them know the grant process has changed. Ms. Goliver stated that Ms. Gischel has informed applicants that the application may change.

Ms. Goliver stated that a revised policy would be brought back in May for Committee review.

Hotel Motel Tax Fund Discussion

Mr. Stiffler introduced the Hotel Motel Tax Fund by stating that this is the second meeting that the Committee will spend on this. Staff envisions four to five discussions. This conversation will take a deeper dive into the revenue source.

He outlined tonight's goals as:

- Continue to define Financial Framework, and
- Hotel Motel Tax Revenue allocation.

Previously, the Committee discussed Community Event Cost Recovery and Potential New Expenditures. Lodging tax revenues are a relatively small portion of the Operating Fund Revenue. If Hotel Motel Tax Revenue were to increase by 35%, it would only impact the Operating Budget by a little over 1%. It is important and in good years, it is the second largest revenue source. He detailed the allocations as follows: 35% to Visit Dublin Ohio, 25% Dublin Arts Council; 6.5% for Community Grants; and 6% on development agreements relative to Bridge Park; all other is 27%. In 2022, the Hotel Motel Tax Revenue was \$3.2M.

Even at 35% growth, expenditure changes would be relatively modest. Mr. Stiffler shared a chart displaying examples of the percentage expenditures would grow if the Hotel Motel Tax Revenues were to grow. It would not materially change what can be done with the funding.

Mr. Stiffler detailed the components of the Hotel Motel Tax Revenue as the tax rate, daily average rate and number of hotel room stays. The lodging tax in Dublin is 17.5%. The City of Columbus is tied for 7th most expensive out of the top 150 metro areas in the United States. Dublin may be near the upper limit. Most of that tax is a Franklin County component. Franklin County sales tax is 7.5% and that is levied on all hotel rooms. As sales taxes in Franklin County change, that sales tax would go up and down with the general taxes levied. Franklin County Convention Facilities Authority levies a specific 4% lodging tax, which cannot be increased because it is at the legal maximum. It is actually a percent higher than what would be allowed to be authorized today because it was grandfathered in. The City of Dublin's 6% tax is lodging specific and cannot be legally increased because it too was grandfathered in. Another important component is the average daily rate. It was at an all-time high in 2022 at \$123. It is higher in Bridge Park. We are not able to directly impact the average daily rate. Higher quality hotels and maximum capacity events could raise that rate. We could also create additional areas of interest. The final component of the Hotel Motel Tax Fund is the number of hotel room stays. There has been a significant decline in business travel. It has rebounded some since the lows of 2020, but is still below pre-pandemic room stays. In 2019 and prior, occupancy was generally in the mid to upper 70s. It is now in the mid to upper 50s. The decline in business travel may be permanent. A strategy to increase room stays is to increase travel opportunities. Conferences are another source of hotel stays for cities.

Mr. Stiffler shared the pattern of Hotel Motel Tax Revenue and allocations from 2005 through 2022. The Hotel Motel Tax Fund has generally been in a growth state since 2005. It suffered a 20% decline in the last recession (2007-2009). A Fund Balance Policy would lay out the susceptibility of this revenue source to significant declines. Declines occurred in 2020 and 2021. Dublin was able to move through the decline relatively painlessly with the help of General Fund Revenues. Worth noting is the community grants component. In 2021, the Finance Committee set an appropriation for \$225,000 or 6.5% of the prior year's hotel motel revenues. It was approved as part of the Operating Budget. He shared a sensitivity analysis of the Hotel Motel Tax Fund. It is likely that inflation is elevating the average daily rate. There might be some difficulty sustaining this level of average daily rate. The chart showed changes in revenues if the average daily rate decreased or increased. The number of stays is set at last year's number of 484,030.

Mr. Stiffler stated that this framework fits in with how the Hotel Motel Fund functioned when it was sustainable from 2016 to 2019.

Mr. Stiffler shared that staff is planning to bring investment advisors to the April meeting. He asked if the Committee would like to speak to organizations that the Hotel Motel Tax Fund supports. Ms. Alutto answered in the affirmative. Ms. Amorose Groomes stated that she would like information, but it does not have to be in person; it might be sufficient to have it provided to staff.

Mr. Keeler stated some of these conversations can get difficult. He is confident that travel and overnight stays are on the rise and will continue to improve. It is hard to say if the cost per night will increase. The revenues will inevitably grow. If we consistently give a percentage to certain constituencies, their budgets grow. It is important to make sure the economic benefit that the City is receiving grows at the same pace. He envisions potentially capping some of these expenditures like the community grant program. If the fund grows at a faster rate than the cost increase, he would like to see dollars carved out for other purposes. There has been discussion about a sports complex. All things being equal, a sports complex would add hotels and restaurants. Ms. Alutto stated that when she first served on the Finance Committee, there was a cap of \$200,000. They moved to \$225,000/6.5% because they found that there was no room for inflation with a flat amount. As more hotels come on line and we finish recovery, we should consider whether to let the percentages allocated continue to grow unabated. She suggested staff reach out to Visit Dublin and the Dublin Arts Council. She enjoys listening to the things they are working on and how they are leveraging the dollars. Both entities bring good information.

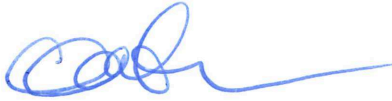
Mr. Stiffler stated that staff will provide that information as well as define financial goals for the Hotel Motel Tax Fund at the next meeting. Staff will modify the framework and have a draft of a comprehensive Hotel Motel Tax Fund policy.

Ms. Amorose Groomes recognized that the lodging tax of 17.5% is at a maximum. She has stayed in hotels where they have additional fees. The New Community Authority (NCA) would be a vehicle that could recover some of those dollars from non-participating hotels. She requested information on putting that charge on stays. She would like to look at recovering some of that. It would also be interesting to see the number of room stays as additional hotels came online. She is relatively encouraged to see a steady increase; we are already above 2017 thresholds. She is optimistic that the revenue will continue to look as it has looked. The addition of new hotels will increase nights and lower rates. Mr. Stiffler stated there is another chart showing capacity over time that he will create for the Committee. He stated that the NCA does levy a 1% charge on hotels – that goes to the Bridge Park NCA. Ms. Amorose Groomes stated that she is asking for something they collect that is the City's. We have many expenses in that area. The Bridge Park NCA would be the agent of the levy, not the recipient. Ms. Alutto asked if the data on hotel nights based on units available could be projected out two to three years. Mr. Stiffler stated that staff could make some projections. He would like to understand the process for the NCA levying a fee and would like to get a response from Visit Dublin on that.

Mr. Keeler stated that he has never decided not to stay at a hotel because he saw miscellaneous fees.

Ms. Amorose Groomes stated that it would not be subject to Franklin County Sports Authority and could translate into a larger percentage of income.

There being no further business to come before the Committee, the meeting adjourned at 5:31 p.m.

A handwritten signature in blue ink, appearing to be "C. Keeler", written over a horizontal line.

Chair, Finance Committee

A handwritten signature in blue ink, reading "Jayme Maxwell", written over a horizontal line.

Deputy Clerk of Council