

Memorandum

To: Town of Silverton Board of Trustees
CC: Chamber of Commerce
From: Elyse Salazar
Re: 2007-2008 Lodging Fee Review

Background & Overview

In early 2008, the Town instituted a monitoring and tracking process to ensure that all Lodging providers are reporting and remitting collected lodging fees. This oversight has proven highly successful. The Town wishes to thank the lodging community for their diligence in reporting and remitting lodging fees.

Per the 2005 Ordinance, Lodgers are required to collect and remit a \$2 nightly lodging fee per room to the Town each month, and a \$1 nightly lodging fee for camping sites.

The Town is then required to:

- Place funds collected into a special fund. This requirement is met by crediting all lodging fee remittances to account number 10-32-170000, which is dedicated to Lodging Fees.
- All funds collected are to be used on those services that support tourists and other visitors to Town including but not limited to support of the Visitor's Center, special events, and marketing efforts. .
- The Town is to approve a line item budget and appropriation for the expenditure of the Lodger's Fee with the annual budget. The Town does approve a line item budget each year, though the relationship between the lodging fee and budget expense items has not been clearly made. This will be done this year as part of the 2009 budget, and expressly addressed in the spending authorization resolutions.

The Town continues to incur more expense for providing visitor related services than revenue generated by the lodging fee, even when taking other business related revenues into account. Following is an overview of visitor related revenue and

expenditures from 2006 to 2008. Year-to-date (YTD) estimates are based on actual revenues/expenses through September 2008.

Total Lodging Fee Collection

2006	2007	2008 (Budget)	2008 EST
\$32,446	\$33,389	\$32,000	\$38,860

Other Off-setting Revenues

- Business Licenses

2006	2007	2008 (Budget)	2008 EST
\$28,807	\$21,531	\$20,000	\$21,189

- Visitor's Center Rent (KSJC—percentage of monthly energy + rent, Youth Center, Chamber)

2006	2007	2008 (Budget)	2008 EST
\$2,800	\$0	\$3,000	\$7,595 ¹

TOTAL VISITOR/BUSINESS REVENUES

2006	2007	2008 (Budget)	2008 EST
\$64,053	\$54,920	\$55,000	\$67,644

Town use of Lodging Fee

- Contract with Chamber of Commerce to Manage Visitor Center
Account # 1041940801

2006	2007	2008 (Budget)	2008 EST
\$30,771	\$24,061	\$26,089	\$26,089

- Special Events
Account #1045110340

2006	2007	2008 (Budget)	2008 EST
\$25,000	\$25,000	\$28,000	\$25,000

- Visitor's Center Operations (Janitorial, Trash, Rug Cleaning, Repairs/Maintenance, Operating supplies such as toilet paper, electricity, propane)
Account #1041942420-1041942622

2006	2007	2008 (Budget)	2008 EST
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¹ Includes rental payment in 2008 by Chamber for unpaid 2007 rent, and rental payment in 2008 by KSJC for unpaid 2006-2007 rent.

\$20,441	\$22,029	\$20,935	\$21,207
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▪ Blair Street Park (Potty Park)			
2006	2007	2008 (Budget)	2008 EST
\$4,658	\$3,578	\$7,100	\$5,549

TOTAL TOWN COSTS

2006	2007	2008 (Budget)	2008 (YTD)
\$80,870	\$74,668	\$82,124	\$77,845

Revenues/Expenditures: The difference between revenues generated by fees and the cost of services for visitor and business related services has been absorbed by the general fund.

2006	2007	2008 (Budget)	2008 (YTD)
-\$16,817	-\$19,748	-\$27,124	-\$10,201

At the time of adoption of the Lodging Fee, there was a common understanding established that any excess revenue from the lodging fee would be directed to the Chamber of Commerce to be used to support marketing efforts. In 2006 and 2007, the Town's costs exceeded the revenues generated by lodging fees and other off-setting revenues. In 2008 the Town is budgeted to have no excess revenues.