

AGENDA
OURAY CITY COUNCIL
320 6th Avenue – Community Center
MASSARD AUDITORIUM
April 29, 2019

Work Session

- Electronic copies of the Work Session Council Packet may be available on the City website at www.cityofouray.com. A hard copy of the Packet may also be available at the Administrative Office for interested citizens.
- No Action will be considered at the Work Session
- Notice is hereby given that a majority or quorum of the Planning Commission, Community Development Committee, Beautification Committee, and/or Parks and Recreation Committee may be present at the above noticed City Council meeting to discuss any or all of the matters on the agenda below for Council consideration

Work Session at 5pm

City/Ouray Tourism Office (OTO) Topics

- OTO Vision
- LOT Revenue Review – Jan-Feb 2019
- Requested Allocations
 - o Visitor Services
 - o Destination Marketing
- Fireworks
- City Financial Reserve
- Long-term Contract

Notes from City Council worksession on December 3, 2018

- Request to come back to Council after Q1 LOT is collected (April 20, 2019) to update contract with 2019 LOT projections - this clause is included in both 2019 DMM&D and VS contracts
- Priorities for Council to add back in first are Visitor's Center Hours, Regional Radio Advertising, Local Event Marketing Support & Stay-Longer Pieces
- 2020 Budget moving forward - budget & contract to be completed and signed with City of Ouray and contractor by October 2019 (to be in place before Colorado grant deadlines of October 15 each year); 5 year contract term recommended.

LOT Projections Background Data						
	Fiscal Year End Totals	% Growth LOT revenue current vs prior year	% Growth if LOT were 3.5% current vs prior year			
FY 2011 LOT Actuals*	\$200,777.00	n/a	n/a			
<i>FY 2011 LOT (if LOT were 3.5%)**</i>	\$263,346.50					
FY 2012 LOT Actuals*	\$209,089.00	4.1%	8.1%			
<i>FY 2012 LOT (if LOT were 3.5%)**</i>	\$284,742.86					
FY 2013 LOT Actuals*	\$212,490.00	1.6%	0.0%			
<i>FY 2013 LOT (if LOT were 3.5%)**</i>	\$284,651.87					
FY 2014 LOT Actuals*	\$228,173.00	7.4%	4.2%			
<i>FY 2014 LOT (if LOT were 3.5%)**</i>	\$296,738.70					
FY 2015 LOT Actuals*	\$254,885.00	11.7%	17.2%			
<i>FY 2015 LOT (if LOT were 3.5%)**</i>	\$347,804.05					
FY 2016 LOT Actuals*	\$265,097.00	4.0%	11.6%			
<i>FY 2016 LOT (if LOT were 3.5%)**</i>	\$388,262.99					
FY 2017 LOT Actuals*	\$266,077.00	0.4%	4.8%			
<i>FY 2017 LOT (if LOT were 3.5%)**</i>	\$406,960.30					
FY 2018 LOT Actuals*	\$282,296.00	6.1%	17.5%			
<i>FY 2018 LOT (if LOT were 3.5%)**</i>	\$478,341.98					
FY 2019 LOT Projections <i>(calculated from actuals for December of FY18 as first year of FY19 under old structure, January and February 19 under new structure and 2018 ST-Lodging actuals for March-November) (calculation: ST Lodging / 4% * 3.5%; + 3% increase for inflation (1.9%) and growth (1.1%) applied to each of those months)</i>	\$ 482,923.83		1.0%			

* Fiscal Year LOT Actuals: Lodging activity for Dec of prior year through lodging activity for November of current year

**LOT @ 3.5% number is calculated from actual sales tax receipts for the month of activity (ex.: March lodging sales tax report = lodging sales activity in January)

FY 2019 Projections (adjusted for collection deadlines ex: January collection is for December FY18 under old structure, unitalicized numbers are actuals)												
	<i>Funds received by City of Ouray In:</i>											
	January (Dec 18)	February (Jan 19)	March (Feb 19)	April (Mar 19)	May (Apr 19)	June (May 19)	July (Jun 19)	August (Jul 19)	September (Aug 19)	October (Sep 19)	November (Oct 19)	December (Nov 19)
2019 LOT Actuals/Projections	\$ 13,621.93	\$ 22,134.39	\$ 19,116.73	\$ 18,348.52	\$ 14,223.23	\$ 27,042.93	\$ 61,773.88	\$ 101,830.57	\$ 76,904.91	\$ 77,737.72	\$ 37,871.67	\$ 12,317.34
<i>Variance from projections above</i>	\$ -	\$ (783.76)	\$ 1,923.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LOT Projected (updated w/FY18&19 actuals)	\$ 482,923.83											
<i>Tourism Fund projected FY19 (86.875% of LOT)</i>	\$ 419,540.08											
<i>Beautification Fund projected FY19 (11.875% of LOT)</i>	\$ 57,347.20											
<i>Admin Projected FY19 (1.25% of LOT)</i>	\$ 6,036.55											

Tourism Fund Breakdown FY 19

FY18 Year End Tourism Fund Balance		\$ 58,253.00		
FY 19 Tourism Fund (Already Budgeted/ Contracted Expenses)	Visitor's Services Contract	\$ (95,004.00)		
	Destination Marketing Management & Development Contract	\$ (141,000.00)		
	Mountain Air Music Sponsorship	\$ (8,000.00)		
FY 19 Tourism Fund (Additional Allocation requests by OTO)	Visitor's Services Contract	\$ (43,746.00)		
	Destination Marketing Management & Development Contract	\$ (127,771.00)		
Total FY 19 Expenses		\$ (415,521.00)		
Total FY 19 Projected Income		\$ 419,540.08		
FY19 Projected Tourism Fund Budget Balance	\$ 4,019.08		% of total income - City of Ouray "contingency"	1%
YE Projected Tourism Fund Balance		\$ 62,272.08		

VISITOR'S SERVICES CONTRACT ADJUSTMENTS/ADD-INS: \$43,746**

Cut services to reinstate: \$13,056

- Staffing adjustment for 2 part-time summer positions to keep VC open until 6 pm:
\$13,056
 - *Total cost to organization (base salary + taxes)*

Expanded Services / Re-Allocations: \$20,790

- Current VS Concierge Staffing hourly rate adjustments to match Pool & Box Canyon:
\$3,000
 - *Total cost to organization (base salary + taxes)*
- Current VC Manager hourly rate adjustment to match regional industry standards:
\$1,827
 - *Total cost to organization (base salary + taxes)*
- Time allocation adjustment for ED Time spent on VS management (shift from 0% to 10%): \$6,963
 - *Total cost to organization (base salary + taxes)*
- Expanded Fiber program to include new hardware and wiring installation & VOIP phones at VC: \$9,000

Contingency - increase from 3% to 10%: \$9,900

- \$2,985 already budgeted in existing contract (3.24% of \$92,019), total contingency for expanded 2019 services would be \$12,885 (10% of \$128,850)

OTO recommendation for unspent contingency funds from 2019 VS contract: put toward Visitor's Center Visitor's Services improvements as outlined in the maintenance plan that are appropriate to fund according to the definition of the Tourism Fund.

Colorado Visitor's Center Comp Survey, April 2019

Facility Owned by Local Municipality	Facility Owned by Other Entity	Facility Owned by Organization	Operating Agreement	Lease	Rent due?	Amount / Year	Utilities paid by	Utilities Covered	Taxes paid by	Maintenance Paid By	Maintenance Covered	Other comments
		x	Yes	No	No	\$ -	Organization	all	Organization	Organization	all	Municipality pays for part of visitor's services staffing & services
x			No	No	No	\$ -	Municipality	all	Municipality	Municipality	all	
x			Yes	No	No	\$ -	Municipality	all	Municipality	Municipality	all	snow removal, landscaping & janitorial provided by Municipality
	x		Yes	Yes	Yes	not provided	Other entity	all	Other entity	Other entity	all	rent paid for organization office space only, not visitor's services area; organization paid for an initial \$100,000 in improvements that are now owned by outside entity beyond that
x			Yes	Yes	Yes	\$ 1.00	Split: Municipality / Organization	Municipality: water/sewer, Organization: all other	Organization	Organization	all	organization paid for up to \$150,000 in improvements, now owned by Municipality
x			Yes	No	No	\$ -	Split: Municipality / Organization	Municipality: all, Organization: electricity at 1 facility	Municipality	Municipality	all	3 locations managed; snow removal included
	x		Yes	Yes	Yes	Comp commercial during negotiation, 3-year lease with 3% annual increase	Organization		Other entity	Organization	defined in lease	Leased space based on square footage & shared with building owner, including staff. Standard lease terms found online and negotiated equally between partners.
x			Yes	No	No	\$ -	Municipality	all	Municipality	Municipality	all	Visitor's Center additional office space is subleased to outside organization for rent income but that outside organization does not provide Visitor's Services.
x			Yes	Yes	Yes	nominal fee for partner organization office space	Municipality	all	Municipality	Municipality	all	Municipality completely funds VC operations and maintenance
x			Yes	No	No	none	Municipality	all	Municipality	Municipality	all	Partnership between org and municipality to help for unexpected costs.

Regional Commercial Office Space Rent Comps					
Location	Listing Date	Price	Square Footage	Recommended Use	Price per Square Foot
319 6th Avenue, Ouray	2019	\$1,200.00	800	Retail/Office	\$1.50
1900 Main Street, Ouray	2018	\$220,230.00	35,500	Industrial/Office/Retail	\$6.20
Hawk Parkway, HWY 500, Montrose	2019	\$400.00	311	Office	\$1.29
Hawk Parkway, HWY 500, Montrose	2019	\$1,275.00	916	Office	\$1.39
Main St & Grand Ave, Montrose	2019	\$675.00	700	Office/Retail	\$0.96
Hawk Parkway, HWY 500, Montrose	2019	\$2,800.00	1,200	Office	\$2.33
2400 E Main St., Montrose	2019	\$1,600.00	2,200	Warehouse	\$0.73
326 Main Street, Ste 209, Delta	2019	\$275.00	125	Office	\$2.20
326 Main Street, Ste. 206, Delta	2019	\$275.00	225	Office	\$1.22
326 Main Street, Ste. 205, Delta	2019	\$325.00	273	Office	\$1.19
326 Main Street, Ste. 200E, Delta	2019	\$225.00	154	Office	\$1.46
325 Main Street, Ste. 203, Delta	2019	\$300.00	220	Office	\$1.36
317 E. Main St., Cortez	2019	\$375.00	288	Office	\$1.30
2257 Main Ave, Durango	2019	\$8,000.00	3,643	Office	\$2.20
180 East 12th St., Durango	2019	\$1,350.00	600	Office	\$2.25
1032 1/2 Main Ave, Durango	2019	\$375.00	120	Office	\$3.13
484 Turner Dr., Bld E #102, Durango	2019	\$595.00	350	Office	\$1.70
541 N 1st St, Grand Junction	2019	\$1,200.00	1,007	Retail	\$1.19
321 Rood Ave., Unit 1, Grand Junction	2019	\$500.00	500	Office	\$1.00
321 Rood Ave, Unit 2, Grand Junction	2019	\$500.00	500	Office	\$1.00
747 Rood Ave., Unit B, Grand Junction	2019	\$200.00	200	Office	\$1.00
643 Main St., Ste, Grand Junction	2019	\$225.00	180	Office	\$1.25
				Regional Average Monthly Rent	\$1.72
Square Footage at Ouray Visitor's Center Used for Non-Visitor's Services Functions:					
<i>Membership Rack Card Displays</i>	2019	5 @ 3'x 6'	90		
<i>OTO Executive Director Office</i>	2019	10% of 8'x12' space downstairs used for non DMMD or VS functions	10		
		Total Square Footage (non-VS or DMMD)	100	Monthly Rent Based on Regional Average	\$171.40

DESTINATION MARKETING, MANAGEMENT & DEVELOPMENT CONTRACT
ADJUSTMENTS/ADD-INS: \$127,771**

Cut services to reinstate: \$61,500

- Local Collateral Pieces Printing (“Stay Longer” Pieces): \$8,000
- Regional Radio Promotion: \$6,000
- Online Paid Advertising, Content Sponsorship and Lead Generation: \$24,000
- Visual Content Assets & Video Production: \$15,000
- Website Updates & Optimization: \$5,000
- Visitor Guide Content Development: \$2,000
- Media & Travel Trade Familiarization Outreach: \$1,500

Expanded Services & Re-Allocations: \$45,930

- Events Data Entry Contract: \$6,000
- Content Development Contract: Website, E-Newsletter & Social Media Content Development: \$6,000
- Graphic Design Contract: \$2,000
- Time allocation adjustment for ED Time spent on DMM&D projects (shift from 33% to 70%): \$27,500
 - *Total cost to organization (base salary + taxes)*
- Time allocation adjustment for Director of IMCR: \$4,430
 - *Total cost to organization (base salary + taxes)*

DMM&D Contingency (10%): \$20,341

- \$4,113 already budgeted in existing contract (3% of \$137,108), total contingency for 2019 is \$24,454 (10% of \$244,538)

OTO recommendation for unspent contingency funds from 2019 DMMD contract: put toward funding a Ouray Wayfinding Study after Community Plan Update process is completed.

COMMUNITY PLAN TOURISM IMPLEMENTATION PROGRAMS:

Discussion with Council to set a policy around Tourism Fund reserves, where and how they are spent and to consider the DMM&D contractor a partner in those decisions & implementations.

- Cohesive Wayfinding Program Plan & Design Development: \$25,000 - can apply for multiple sources of funding for this, Tourism Fund cannot support actual implementation/buildout but there are many other funding sources for that phase, too.
- Visitor's Journey AtoD & Hospitality Training Program & Outdoor Ambassador Modules: \$17,500 - can apply for implementation funding from CTO for this, \$15,000 grant, \$2,500 match
- Interpretive & Interactive Visitor's Center & Communication Center, Downtown & Box Canon & Other key locations: minimum of \$25,000+ each
- Reusable Bag Program: \$17,500 - partnership with RACC, CTO, WCCF, Citizen's State Bank, Ouray & Ridgway Schools, can apply for implementation funding from CTO for this, \$15,000 grant, \$2,500 match
- Are You Ouray-Ready? (LNT principles) Development: \$7,500 - have \$2,500 from CTO already committed in 2019 for "What Annoys me About Tourists" Research & implementation; 2020 build out will be \$10,000 for production of materials & content but that will fall under those categories in budget.
- Sustainable Tourism Roadmap Creation: \$17,500 - can apply for implementation funding from CTO for this, \$15,000 grant, \$2,500 match
- Implementation of Kid-Friendly Alpine Loop adventure education pack as planned in 2017 grant: \$5,000 - would need buy in from Silverton and Lake City, hold until other projects are done



DRAFT

[Date]

Memorandum of Understanding between:

Ouray Tourism Office

-and-

Ouray Volunteer Fire Department

RE: 2019 Fireworks Budget

The Board of Directors of the Ouray Tourism Office has allocated a maximum of \$12,000 from the Jeep Raffle fund toward 2019 Fireworks for the City of Ouray's Fourth of July celebration and other fireworks-related costs as the Ouray Volunteer Fire Department sees fit.

The Ouray Volunteer Fire Department shall order the fireworks and supplies that they need for the Fourth of July and provide the City of Ouray with the invoice to pay. The City will pay the invoice on receipt to the fireworks vendor to cover liability issues. The City will then immediately forward the invoice to the Ouray Tourism Office, who will pay the balance on a Net30 term upon receipt.

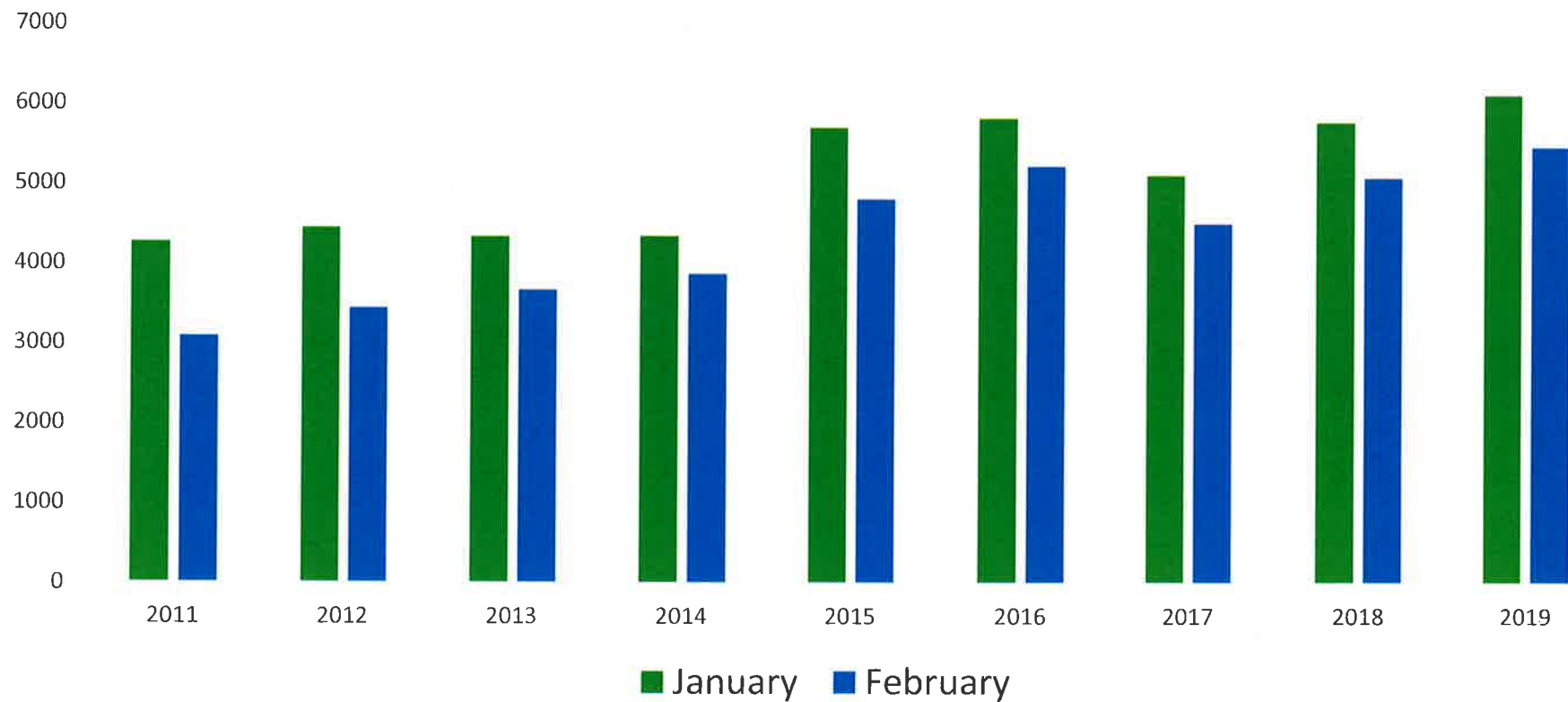
Planning for 2020 fireworks is still in motion and the Board of the Ouray Tourism Office intends to meet with the Ouray Volunteer Fire Department prior to the end of August, 2019, to discuss future planning and needs for the Fireworks and how the Ouray Tourism Office can continue to assist those goals.

Signed on this _____ of _____, 2019.

Christina L. Hinkson, President, OTO Board of Directors

Trevor Latta, Chief, Ouray Volunteer Fire Department

City of Ouray Occupied Lodging Units for the Months of January & February

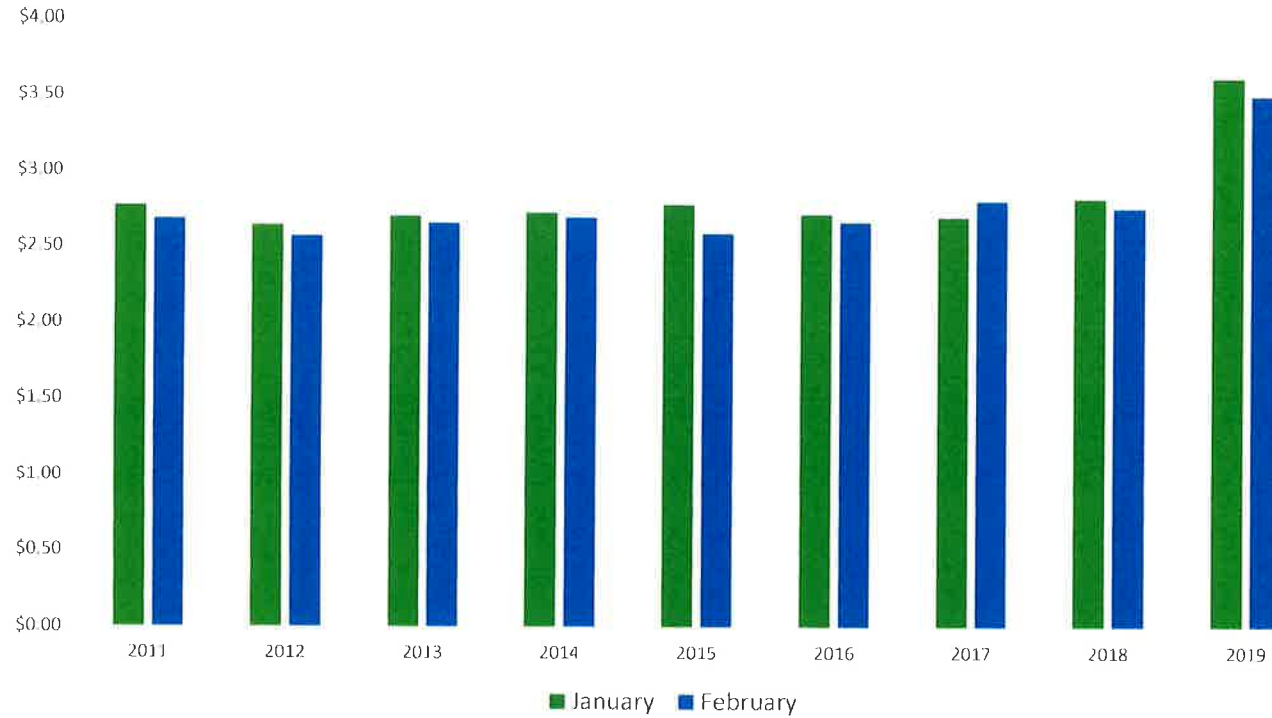


City of Ouray Lodging Occupation Tax for the Months of January & February



Ouray Lodging Occ. Tax Collection Summary

City of Ouray Average Lodging Tax Per Unit



	2011	2012	2013	2014	2015	2016	2017	2018	2019	19 VS 18
January	\$2.77	\$2.64	\$2.70	\$2.72	\$2.78	\$2.72	\$2.70	\$2.82	\$3.62	28.30%
February	\$2.68	\$2.57	\$2.65	\$2.69	\$2.59	\$2.66	\$2.81	\$2.76	\$3.50	26.77%

Ouray Lodging Occ. Tax Collection Summary

ROOMS	2011	2012	2013	2014	2015	2016	2017	2018	2019	19 VS 18
Month	+ RVs, Unfurn. Cabins									
January	4275	4452	4343	4349	5712	5826	5113	5782	6122	5.88%
February	3093	3446	3673	3874	4816	5226	4509	5085	5469	7.55%
March	2156	2975	2746	2949	3394	3638	3499	4803		
April	1341	1912	1661	1836	2236	2660	2411	3080		
May	3684	4914	4248	4149	5047	5850	5939	7396		
June	9310	10282	10971	10718	12015	13521	14494	14578		
July	17222	16781	16285	17248	19171	19960	20248	19802		
August	13820	14672	13688	15198	16477	16949	17344	17613		
September	12647	12361	12004	13377	15478	16149	16526	17743		
October	5170	4876	5825	6450	7937	7691	7762	7462		
November	1344	1709	2084	1936	2141	2113	2674	2856		
December	2734	2805	3589	3696	3656	3382	4226	5038		
Total Rooms	76796	81185	81117	85780	98080	102965	104745	111238		

DOLLARS	+ RVs, Unfurn. Cabins										BC portion
January	\$11,857	\$11,755	\$11,729	\$11,848	\$15,867	\$15,819	\$13,795	\$16,294	\$22,134	35.84%	\$1,935
February	\$8,303	\$8,855	\$9,749	\$10,430	\$12,468	\$13,908	\$12,648	\$14,021	\$19,117	36.34%	\$1,665
March	\$6,015	\$7,792	\$7,260	\$7,945	\$9,240	\$9,505	\$9,529	\$13,004			
April	\$3,667	\$4,974	\$4,475	\$4,975	\$5,701	\$6,633	\$6,294	\$8,090			
May	\$9,878	\$13,131	\$11,738	\$11,357	\$13,876	\$15,372	\$15,734	\$19,031			
June	\$24,611	\$26,440	\$28,572	\$28,419	\$31,431	\$34,498	\$36,654	\$36,236			
July	\$43,817	\$43,054	\$42,369	\$44,740	\$47,884	\$49,767	\$50,344	\$49,371			
August	\$34,711	\$34,737	\$35,708	\$40,035	\$41,643	\$41,801	\$42,090	\$43,236			
September	\$34,013	\$33,413	\$32,326	\$35,960	\$40,336	\$41,704	\$41,965	\$44,480			
October	\$14,400	\$13,309	\$15,848	\$17,556	\$21,385	\$20,717	\$20,355	\$19,711			
November	\$3,538	\$4,261	\$5,348	\$5,092	\$5,136	\$5,802	\$7,079	\$7,000			
December	\$7,368	\$7,617	\$9,816	\$9,918	\$9,571	\$9,590	\$11,882	\$13,622			
Total Dollars	\$202,178	\$209,338	\$214,938	\$228,275	\$254,538	\$265,116	\$268,369	\$284,096			\$3,600

Data represents rooms and dollars for month in which lodging activity occurred.

LOT report and payment are due by 20th of following month.

"ROOMS" data includes exempt rooms.

Columns for 2011 and 2012 include RVs and Unfurnished Cabins. Columns for 2010 and prior exclude this category.

OURAY LODGING OCCUPANCY TRENDS

Based on Lodging Occupation Tax Collections

	2017				2018				2019			
	Avail.	Rooms		Exempt	Avail.	Rooms		Exempt	Avail.	Rooms		Exempt
	Rooms	Rented	Occ.%	Rooms	Rooms	Rented	Occ.%	Rooms	Rooms	Rented	Occ.%	Rooms
	+ RVs, Unfurnished Cabins				+ RVs, Unfurnished Cabins				+ RVs, Unfurnished Cabins			
January	16537	5113	30.9%	336	16882	5782	34.2%	244	18634	6122	32.9%	387
February	14756	4509	30.6%	165	15960	5085	31.9%	261	16800	5469	32.6%	287
March	16125	3499	21.7%	232	17696	4803	27.1%	252				
April	12262	2411	19.7%	212	16699	3080	18.4%	213				
May	22414	5939	26.5%	259	20713	7396	35.7%	401				
June	21746	14494	66.7%	654	21403	14578	68.1%	626				
July	22124	20248	91.5%	931	21763	19802	91.0%	815				
August	22258	17344	77.9%	1164	21741	17613	81.0%	837				
September	20931	16526	79.0%	822	21339	17743	83.1%	767				
October	18319	7762	42.4%	454	19545	7462	38.2%	351				
November	16260	2674	16.4%	281	16113	2856	17.7%	400				
December	16814	4226	25.1%	172	17028	5038	29.6%	388				
Total	220546	104745	47.5%	5682	226882	111238	49.0%	5555				

Data represents rooms for month in which lodging activity occurred.

LOT report and payment are due by 20th of following month.

"Rooms Rented" columns includes exempt rooms.

"Exempt Rooms" columns are for memo purposes only.

2019 Lodging Occupation Tax, By Business Category

AVAILABLE ROOMS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Hotel, Motel	12,709	10,978											23,687
Bed and Breakfast	921	826											1,747
House, Townhouse, Condo (1)	2,497	2,430											4,927
RV Space, Unfurnished Cabin	2,507	2,566											5,073
Total Rooms	18,634	16,800											35,434

ROOMS RENTED	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Hotel, Motel	4,858	4,383											9,241
Bed and Breakfast	164	146											310
House, Townhouse, Condo (1)	546	437											983
RV Space, Unfurnished Cabin	554	503											1,057
Total Rooms	6,122	5,469											11,591

DOLLARS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
													-
Hotel, Motel	\$ 17,693.96	\$ 15,438.34											\$ 33,132.30
Bed and Breakfast	\$ 637.29	\$ 738.10											\$ 1,375.39
House, Townhouse, Condo (1)	\$ 3,281.28	\$ 2,312.56											\$ 5,593.84
RV Space, Unfurnished Cabin	\$ 521.86	\$ 627.73											\$ 1,149.59
Total Dollars	\$ 22,134.39	\$ 19,116.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,251.12

(1) For a property that is marketed as a stand-alone short-term rental, for which there are no hotel/motel amenities offered.
Data represents rooms for month in which lodging activity occurred.
LOT report and payment are due by 20th of following month.
"Rooms Rented" columns includes exempt rooms.