

FOR COUNCIL MEETING OF: September 24, 2007

AGENDA ITEM:

4.2 (a)

TO: MAYOR AND CITY COUNCIL
FROM: ROBERT G. WELLS, CITY MANAGER
SUBJECT: CITY COUNCIL POLICY C-1 AMENDMENT

ISSUE:

Should the City Council adopt Resolution No. 2007-91 amending Council Policy C-1 adopted October 23, 2006?

RECOMMENDATION:

Staff recommends adoption of Resolution No. 2007-91 amending Council Policy C-1 adopted October 23, 2006 to include a third non-profit designation, 501(c) (4).

BACKGROUND:

The Cultural and Tourism Promotion Advisory Board (board) operates in conformance with the City Charter, Salem Revised Code Chapters 16 and 37, and City Council Policy G1. City Council Policy C-1 governs the distribution of funds for the Cultural and Tourism Fund.

In October 2006, the City Council adopted a new Policy G1 as recommended by the board. The newly adopted policy continued the requirement that applicants in the Major Tourist Attraction and Cultural Facility Division (MTA/CF) of the fund maintain a non-profit status of either 501(c) (3) or 501(c) (6).

FACTS AND FINDINGS:

A new requirement in FY 2007-08 compelling funding applicants in the MTA/CF Division to provide IRS non-profit status documentation revealed that three historic funding recipients did not possess the status required in policy. All three applicants were 501(c) (4) organizations, which is defined by the IRS as "civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare . . ."

As the result, it was the recommendation of the board to forward the three applications to the City Council for funding consideration from contingency. This would allow the continuation of funding for the three events represented in the applications and provide the board time to examine a potential amendment to Policy C-1 to include an additional non-profit designation.

At its August 14, 2007 meeting, the board unanimously voted to recommend to City Council a third non-profit designation – 501(c) (4) – for inclusion in Policy C-1.

Prepared by:


Kelley Jacobs, Budget Analyst

RESOLUTION NO. 2007-91

A RESOLUTION OF THE CITY OF SALEM AMENDING COUNCIL POLICY C-1, ADOPTED OCTOBER 23, 2006, AND ADOPTING A REPLACEMENT POLICY C-1

Whereas, Section 56 of the Charter of the City of Salem provides that Transient Occupancy Tax revenues shall be used for enhancement and beautification of vehicular and pedestrian entranceways to the city; urban beautification generally; improvements to or operation of major tourist attraction or cultural facilities; or activities performed directly by the city or through contracts that promote use of Salem for conventions, conferences, or seminars or for general tourism; and

Whereas, the City Council has the authority to develop and approve policies specific to the conduct of the City Council's business; and

Whereas, on October 23, 2006, the City Council adopted Council Policy C-1, "TOT Funding Policy"; and

Whereas, the City Council finds it to be necessary and proper to amend Council Policy C-1, based upon a recommendation from the Salem Cultural and Tourism Promotion Advisory Board, to include non-profit corporations having tax exempt status under Section 501(c)(4) of the Internal Revenue Code as eligible applicants for TOT funding;

NOW, THEREFORE, THE CITY OF SALEM RESOLVES AS FOLLOWS:

Section 1. City Council Policy C-1, "TOT Funding Policy," Part III - "Evaluation of Requests for the Major Tourist Attractions and Cultural Facilities Division," 2. "Evaluation Criteria," adopted October 23, 2006 is hereby amended to read as set forth in "Exhibit 1," which is attached hereto and incorporated herein by reference, by providing for the inclusion of non-profit corporations having tax exempt under Section 501(c)(4) of the Internal Revenue Code as eligible applicants for TOT funding.

Section 2. Notwithstanding the Introduction to the Council Policy Manual, Council Policy C-1 shall be binding, until rescinded, amended, or supplanted by another applicable policy.

Section 3. This resolution is effective upon adoption.

ADOPTED by the Council this 24th day of September, 2007.

ATTEST:

City Recorder

Approved by City Attorney: 