FARRAGUT BOARD OF MAYOR AND ALDERMEN
AGENDA
May 10, 2018

BMA MEETING
7:00 PM

I. **Silent Prayer, Pledge of Allegiance, Roll Call**

II. **Approval of Agenda**

III. **Mayor's Report**
   A. 2018 Beautification Awards
   B. Community Health Council Update

IV. **Citizens Forum**

V. **Approval of Minutes**
   A. April 26, 2018

VI. **Business Items**
   A. Approval of Bids for Contract 2018-05, Street Resurfacing

VII. **Ordinances & Resolutions**
   A. Public Hearing and Second Reading
      1. Ordinance 18-04, Ordinance to add Title 5, Municipal Finance and Taxation, by adding Chapter 1, Hotel/Motel Tax, of the Farragut Municipal Code
   B. Resolution
      1. Approval of Resolution R-2018-04, A Resolution to Approve the Remittance Form for the Town of Farragut Hotel/Motel Tax

VIII. **Town Administrator's Report**

IX. **Town Attorney's Report**

Board of Mayor and Aldermen Meeting
Public Comment Protocol

The Board of Mayor and Aldermen welcomes and invites citizens to participate in public meetings.

At the beginning of each meeting, there will be time reserved for public comment under the Citizen Forum agenda item. If you are interested in speaking, please fill out a blue comment card and turn it in to the Town Clerk or staff member. This time is set aside specifically for comments on items that are <u>not</u> on the Board of Mayor and Aldermen regular agenda for the meeting. Each speaker will be given five (5) minutes to speak on his/her topic.

During the regular agenda portion of the meeting there may be an allowance for public comment for each agenda item. The Mayor may recognize individuals for public comment based on the following guidelines:

1. The Mayor shall maintain and control the meeting to provide a professional and objective environment conducive to presentation and discussion of the agenda items;
2. Anyone interested in speaking should fill out a blue comment card stating which agenda item they would like to comment on and turn in to the Town Clerk or a staff member;
3. Speakers shall come to the podium and identify themselves by name and address;
4. Public comment shall be limited to five (5) minutes per individual, time may be extended at the discretion of the Mayor; time is not transferable to other speakers;
5. Speakers should strive to avoid redundancy;
6. Comments shall address issues, not individuals or personalities;
7. Comments may support or oppose particular issues or measures, but the motives of those with differing views shall not be questioned or attacked;
8. Personal attacks and malicious comments shall not be tolerated;
9. An applicant, and/or their representative(s), for an item on the regular agenda shall be afforded the time necessary to present their request and respond to questions. The five (5) minute limitation shall not apply. However, the Mayor may ask an applicant to stay on point in order to facilitate the efficiency of the meeting.

Memorandum

To:	Farragut Board of Mayor & Aldermen
From:	Farragut Beautification Committee and Arleen Higginbotham
Subject:	2018 Landscape Beautification Awards

The Farragut Beautification Committee made up the judging team which included members that have done the judging in past years. This makes the 35th year the awards have been given. The following criteria were used in evaluating the various developments located within the Town of Farragut:

LANDSCAPE DESIGN - (Functional & Aesthetic Aspects) 30%

SELECTION OF PLANT MATERIAL - (Construction Features & Plant Materials) 30%

MAINTENANCE 30%

FIRST IMPRESSIONS 5%

LAST IMPRESSIONS 5%

(The last two criteria are subjective impressions)

Beautification Committee Chair Marty Rodgers will attend the May 10 meeting to explain the awards process and announce the award winners. The judging team chose winners in each of the following categories:

COMMERCIAL/OFFICE BUILDING: Winner – Parkside Plaza

COMMERCIAL/RETAIL BUILDING: Winner – David's Abbey Carpet & Floors

RESIDENTIAL ENTRANCE: Winner – The Farm at Willow Creek

RELIGIOUS INSTITUTION: Winner – Concord United Methodist Church

RETAIL COMMERCIAL COMPLEX: Winner – Renaissance/Farragut

MULTI-FAMILY RESIDENTIAL COMPLEX: Winner – Summit View of Farragut

HOTEL/MOTEL COMPLEX: Winner – Staybridge Suites

FARRAGUT BOARD OF MAYOR AND ALDERMEN
MINUTES
April 26, 2018

GRANT WORKSHOP
6:30 PM

BEER BOARD MEETING
6:45 PM

BMA MEETING
7:00 PM

I. Silent Prayer, Pledge of Allegiance, Roll Call

II. Approval of Agenda

III. Mayor's Report

IV. Citizens Forum

V. Approval of Minutes

A. April 12, 2018

VI. Business Items

A. Approval of Special Event Signage for the Knoxville Open Golf Tournament
B. Approval of Agreement from Benchmark Associates, Inc. for Survey Services at Campbell Station Inn, 101 N. Campbell Station Road.

VII. Ordinances

A. Public Hearing and Second Reading
   1. Ordinance 18-02, Ordinance amending the State Street Aid Fund budget of the Fiscal Year 2017-2018 budget, passed by Ordinance 17-09
B. First Reading
   1. Ordinance 18-04, Ordinance to add Title 5, Municipal Finance and Taxation, by adding Chapter 1, Hotel/Motel Tax, of the Farragut Municipal Code

VIII. Town Administrator's Report

IX. Town Attorney's Report

Vice-Mayor Pinchok called the meeting to order at 7:00 PM. Members present were Mayor McGill, Aldermen Markli, Pinchok, Povlin and Williams.

Approval of Agenda

Motion was made to approve the agenda as presented. Moved by Alderman Povlin, seconded by Alderman Williams; voting yes, Mayor McGill, Aldermen Markli, Pinchok, Povlin and Williams; no nays; motion passed.

Approval of Minutes

Motion was made to approve the minutes of April 12, 2018 as presented. Moved by Alderman Povlin, seconded by Alderman Williams; voting yes, Mayor McGill, Aldermen Markli, Pinchok, Povlin and Williams; no nays; motion passed.

Business Items

Approval of Special Event Signage for the Knoxville Open Golf Tournament

Motion was made to approve the placement of directional signage within the Town of Farragut's right-of-way for the Knoxville Open Golf Tournament. Moved by Alderman Povlin, seconded by Alderman Williams; voting yes, Mayor McGill, Aldermen Markli, Pinchok, Povlin and Williams; no nays; motion passed.

Approval of Agreement from Benchmark Associates, Inc. for Survey Services at Campbell Station Inn, 101 N. Campbell Station Road.

Motion was made to approve the agreement with Benchmark Associates for survey services at the site of the Campbell Station Inn, with a total fee of $11,750. Moved by Alderman Povlin, seconded by Alderman Williams; voting yes, Mayor McGill, Aldermen Markli, Pinchok, Povlin and Williams; no nays; motion passed.

Ordinances

Public Hearing and Second Reading

Ordinance 18-02, Ordinance amending the State Street Aid Fund budget of the Fiscal Year 2017-2018 budget, passed by Ordinance 17-09

Motion was made to approve Ordinance 18-02 on second and final reading. Moved by Alderman Povlin, seconded by Alderman Williams; voting yes, Mayor McGill, Aldermen Markli, Pinchok, Povlin and Williams; no nays; motion passed.

First Reading

Ordinance 18-04, Ordinance to add Title 5, Municipal Finance and Taxation, by adding Chapter 1, Hotel/Motel Tax, of the Farragut Municipal Code

Motion was made to approve Ordinance 18-04, as amended, on first reading. Moved by Alderman Povlin, seconded by Alderman Williams. After discussion and comments from Jeff Elliott, 12617 Red Canyon Road; Darren Tallent, 1300 Hickory Oak Lane; and Tom Rosseel, 425 Clover Fork, an alternate motion was made for this board to table the motion for a proposed hotel/motel tax until the new board is constituted after the August 2 election and the 18 issues have been addressed by them. Moved by Alderman Markli. The motion died for lack of a second.

Alderman Povlin made an alternate motion to amend Section 5-103 to set the privilege tax rate at 2.5%. Moved by Alderman Povlin, seconded by Alderman Williams; roll call vote, Alderman Markli, no; Alderman Pinchok, yes; Alderman Povlin, yes; Alderman Williams, yes; Mayor McGill, yes; Motion passes 4-1.

Voting on the main motion with the amended tax rate of 2.5%. Voting yes, Mayor McGill, Aldermen Pinchok, Povlin and Williams; voting no, Alderman Markli; motion passed.

Meeting adjourned at 8:05PM.

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Ron Pinchok, Vice-Mayor

____
Allison Myers, Town Recorder

AGENDA NUMBER VI.A. **MEETING DATE** May 10, 2018

REPORT TO THE BOARD OF MAYOR AND ALDERMEN

PREPARED BY: Darryl W. Smith, PE

SUBJECT: Approval of Bids for Contract 2018-05, Street Resurfacing

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INTRODUCTION: The purpose of this agenda item is to consider bids and award a contract for resurfacing of selected streets within the Town.

BACKGROUND: Each year the Engineering staff examines our street network and determines our priorities within the limits of our annual resurfacing budget. This year's contract includes the resurfacing of Parkside Drive from Campbell Station Road to the Town's Limits (approximately 1000 feet west of Turkey Cove Lane/Pinnacle at Turkey Creek), as well as installation of surface course on Evans Road (McFee Road to Cottage Stone Boulevard) and a portion of greenway at Anchor Park. The work on Parkside Drive will be conducted at night (between 8 PM and 6:30 AM), and all work is to be completed by October 5, 2018.

On April 24, we received two bids for Contract 2018-05:

APAC-Atlantic, Inc. -	$778,936.75
Duracap Asphalt Co., Inc. -	777,681.51

Duracap Asphalt has not been awarded our Resurfacing contract in the past. However, they have completed resurfacing contracts for the Tennessee Department of Transportation and Knox County in the recent past, and our contacts at those agencies give Duracap good recommendations. We have attached bid tabulations for your review.

FINANCIAL SECTION:

Project: Contract 2018-05, Resurfacing

Project Budget	Requested Amount	Expenditures to Date	Available Amount
$1,321,607	$777,681.51	$466,983.14	$76,942.35

Approved By: A Myers

RECOMMENDATION BY: Darryl Smith, Town Engineer

PROPOSED MOTION: Approval of bids and award of Contract 2018-05 to Duracap Asphalt Co., Inc. for their low bid of **$777,681.51.**

BOARD ACTION:

MOTION BY:__________ **SECONDED BY:**__________

VOTE/TOTAL	MCGILL	WILLIAMS	POVLIN	MARKLI	PINCHOK
YES					
NO					
ABSTAIN					

Town of Farragut Contract 2018-05

(Annual Resurfacing of Various Streets)

Bid Tabulations

farragut

				APAC-Atlantic		Duracap Asphalt Paving Co., Inc.	
ITEM #	**DESCRIPTION**	**QUANTITY**	**UNIT**	**UNIT PRICE**	**TOTAL PRICE**	**UNIT PRICE**	**TOTAL PRICE**
403-02.01	TRACKLESS TACK COAT (TTT-1)	3,329	GAL	$4.00	$13,316.00	$4.50	$14,980.50
411-01.10	ACS MIX (PG64-22) GRADING D	4,042	TN	$99.50	$402,179.00	$92.36	$373,319.12
411-01.11	ACS MIX (PG64-22) GRADING E RDWY (Evans Road)	492	TN	$90.00	$44,280.00	$97.26	$47,851.92
411-01.11	ACS MIX (PG64-22) GRADING E RDWY (Trail)	326	TN	$110.00	$35,860.00	$144.17	$46,999.42
415-01.01	COLD PLANING OF BITUMINOUS PAVEMENT	4,187	TN	$22.75	$95,254.25	$32.65	$136,705.55
712-01	TRAFFIC CONTROL	1	LS	$26,000.00	$26,000.00	$19,000.00	$19,000.00
712-04.01	FLEXIBLE DRUMS (CHANNELIZING)	50	EA	$30.00	$1,500.00	$33.00	$1,650.00
712-06	SIGNS (CONSTRUCTION) (W21-1)	40	SF	$11.25	$450.00	$10.50	$420.00
713-16.01	CHANGEABLE MESSAGE SIGN UNIT	2	EA	$5,000.00	$10,000.00	$6,325.00	$12,650.00
716-02.05	PLASTIC PAVEMENT MARKING (STOP LINE)	460	LF	$12.50	$5,750.00	$11.00	$5,060.00
716-02.06	PLASTIC PAVEMENT MARKING (TURN LANE ARROW)	44	EA	$200.00	$8,800.00	$165.00	$7,260.00
716-02.09	PLASTIC PAVEMENT MARKING (CROSSWALK) (LONGITUDINAL/CONTINENTAL)	1680	LF	$22.50	$37,800.00	$20.00	$33,600.00
716-03.01	PLASTIC PAVEMENT MARKING (ONLY)	3	EA	$160.00	$480.00	$138.00	$414.00
716-04.05	PLASTIC PAVEMENT MARKING (STRAIGHT ARROW)	3	EA	$160.00	$480.00	$138.00	$414.00
716-05.01	PAINTED PAVEMENT MARKING (4" LINE)	1.5	LM	$700.00	$1,050.00	$605.00	$907.50

Town of Farragut Contract 2018-05

(Annual Resurfacing of Various Streets)

Bid Tabulations

farragut

ITEM #	DESCRIPTION	QUANTITY	UNIT	APAC-Atlantic UNIT PRICE	APAC-Atlantic TOTAL PRICE	Duracap Asphalt Paving Co., Inc. UNIT PRICE	Duracap Asphalt Paving Co., Inc. TOTAL PRICE
716-05.05	PAINTED PAVEMENT MARKING (STOP LINE)	460	LF	$6.25	$2,875.00	$5.50	$2,530.00
716-05.06	PAINTED PAVEMENT MARKING (TURN LANE ARROW)	10	EA	$62.50	$625.00	$55.00	$550.00
716-05.11	PAINTED PAVEMENT MARKING (STRAIGHT ARROW)	3	EA	$50.00	$150.00	$44.00	$132.00
716-06.01	PAINTED WORD PAVEMENT MARKING (ONLY)	3	EA	$62.50	$187.50	$55.00	$165.00
716-08.02	REMOVAL OF PAVEMENT MARKING (8" CROSSWALK LINE)	400	LF	$1.25	$500.00	$1.10	$440.00
716-13.01	SPRAY THERMO PAVEMENT MARKING (60 MIL) 4" LINE	1.5	LM	$2,800.00	$4,200.00	$2,475.00	$3,712.50
717-01	MOBILIZATION	1	LS	$30,000.00	$30,000.00	$19,000.00	$19,000.00
730-13.00	VEHICLE DETECTION LOOP (REPLACEMENT) see note 1	26	EA	$2,200.00	$57,200.00	$1,920.00	$49,920.00
	TOTAL				**$778,936.75**		**$777,681.51**

AGENDA NUMBER VII.A.1. MEETING DATE MAY 10, 2018

REPORT TO THE BOARD OF MAYOR AND ALDERMEN

PREPARED BY: David Smoak, Town Administrator

SUBJECT: Ordinance 18-04, Second Reading and Public Hearing, to add Title 5, Municipal Finance and Taxation, of the Farragut Municipal Code, by adding Chapter 1, Hotel/Motel Tax

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INTRODUCTION: The purpose of this agenda item is to approve Ordinance 18-04, which would implement a municipal Hotel/Motel Tax for all hotels located within the Town of Farragut.

BACKGROUND: The Town of Farragut recently began its first tourism program with the hiring of a tourism coordinator. With recent legislation by the Tennessee General Assembly eliminating the Hall Income Tax and reallocating funding in the Improve Act from the General Fund to the State Street Aid fund for road maintenance, the Town's General Fund budget will eventually be reduced by approximately $1 million dollars each year.

The goal of the tourism program is to increase the number of tourists and visitors coming to the Farragut community by spending money at our hotels, restaurants, shops and utilizing our public facilities. In order to run an effective program, it will take a significant investment by the Town to market to visitors and improve amenities that will draw those visitors to Farragut.

The Board of Mayor and Aldermen have had a priority in their strategic plan on developing a funding mechanism for tourism development since 2010. A common funding plan that many cities and counties across Tennessee and the United States utilize is a hotel-motel tax that visitors pay based on the rental rate when they stay the night in a hotel. Unfortunately, Tennessee state law pre-empted towns and cities across Tennessee from implementing a hotel tax if the county they were incorporated in already had a tax. Knox County currently has a hotel-motel tax of 5% for all hotels located within the county.

The Board of Mayor and Aldermen approved Resolution R-2018-02 on January 11, 2018 requesting the Tennessee General Assembly authorize the Town of Farragut to implement a hotel tax (Attachment B) . The Tennessee General Assembly recently approved HB1492/SB1503 (Attachment C) which amends TCA 67-4-1425 and authorizes the Town of Farragut to levy a privilege tax on the occupancy of any hotel located with the Town of an amount not to exceed 4% of the rate charged to the customer by the operator of the hotel. Governor Haslam signed the bill into law on April 12, 2018. In order for this authorization to occur, the Board of Mayor and Aldermen are required to adopt an ordinance by two-thirds (2/3) vote of the governing body and the proceeds from this tax must be used for tourism development.

DISCUSSION: Ordinance 18-04 was approved on first reading and would authorize the Town to implement a hotel tax of up to 2.5% of the room rent rate to visitors on a per night basis. All funding received from the tax must be used for tourism development. If a transient stays at a hotel for more than 30 consecutive days, they would not be required to pay the tax. The hotels would be required to pay the tax by the 20th day of each month for the preceding month or delinquent taxes would be owed. The effective date of the ordinance would be June 1, 2018.

There are several attachments to this report that discuss tourism development and plans for the Town's tourism program: Attachment A – Ordinance 18-04, Attachment D – TN Hotel Tax and Tourism Research Attachment E – Marketing Plan for the Town Brand and Tourism promotion, Attachment F – Tourism Coordinator Work Program.

FINANCIAL SECTION: There are currently 9 hotels with 725 rooms located off the I-40 interchange with Campbell Station Road. Revenue estimates of a potential 2.5% hotel tax equal $321,500 for FY2019.

The Town would develop a separate Tourism Fund to track both revenues and expenditures and have attached a preliminary budget estimate (Attachment G) that would be formally adopted during the FY2019 budget approval process. Expenditures include personnel costs, marketing and advertising, event planning, and office operations for a total estimated cost of $280,617.

STRATEGIC PLAN: The Town of Farragut strategic plan lists as a Critical Success Factor to Provide Excellent Parks, Recreation, Cultural Amenities and Programs with a priority initiative to hire a tourism coordinator to implement the Town's marketing plan. Another Critical Success Factor for the Town is Enhancing the Town's Financial Position with a priority initiative of establishing a dedicated funding mechanism for tourism, marketing and capital infrastructure investment. Approval of Ordinance 18-04 would be consistent with the Town's strategic plan.

RECOMMENDATION BY: Town Administrator David Smoak for approval.

PROPOSED MOTION: To approve Ordinance 18-04 on second reading, to add Title 5, Municipal Finance and Taxation, of the Farragut Municipal Code, by adding Chapter 1, Hotel/Motel Tax

BOARD ACTION:

MOTION BY:______________________________ **SECONDED BY:**____________________________

VOTE/TOTAL	POVLIN	MARKLI	MCGILL	PINCHOK	WILLIAMS
YES	______	______	______	______	______
NO	______	______	______	______	______
ABSTAIN	______	______	______	______	______

Attachment A

ORDINANCE	18-04
PREPARED BY	Smoak
PUBLIC HEARING	May 10, 2018
DATE	
1ST READING	April 26, 2018
2nd READING	May 10, 2018
PUBLISHED IN	
DATE	

AN ORDINANCE OF THE TOWN OF FARRAGUT, TENNESSEE

WHEREAS, the Board of Mayor and Aldermen of the Town of Farragut, Tennessee, wishes to add Title 5, Municipal Finance and Taxation, by adding Chapter 1, Hotel/Motel Tax, of the Farragut Municipal Code,

NOW, THEREFORE, BE IT ORDAINED by the Board of Mayor and Aldermen of the Town of Farragut, Tennessee, that the Farragut Municipal Code is hereby amended as follows:

SECTION 1.

The Farragut Municipal Code, Title 5. Municipal Finance and Taxation, is amended by adding Chapter 1. Hotel/Motel Tax as follows:

CHAPTER. - HOTEL/MOTEL TAX

5-101. Short title.
5-102. Definitions.
5-103. Levy of tax authorized.
5-104. Disposition of tax.
5-105. Collection and refund.
5-106. Remittance of tax.
5-107. Monthly tax return—Annual audit.
5-108. No advertising of rebates.
5-109. Delinquent taxes—Interest and penalty.
5-110. Records—Inspection.
5-111. Administration and enforcement.
5-112. Deposits of funds.
5-113. Severability clause.

5-101. Short title.

This chapter shall be known and cited as the Town of Farragut Hotel/Motel Tax Ordinance.

5-102. Definitions.

As used in this chapter, unless the context otherwise requires:

(1) *Consideration* means the consideration charged, whether or not received, for the occupancy in a hotel valued in money whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits, property and services of any kind or nature without any deduction therefrom whatsoever; provided, however, nothing in this definition shall be construed to imply that consideration is charged when the space provided to the person is complimentary from the operator and no consideration is charged to or received from any person.

(2) *Hotel* means any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist camp, tourist court, tourist cabin, motel or any place in which rooms, lodgings, or accommodations are furnished to transients for a consideration.

(3) *Occupancy* means the use or possession, or the right to use or possession, of any room, lodgings, or accommodations in any hotel.

(4) *Operator* means the person operating the hotel whether as owner, lessee, or otherwise.

(5) *Person* means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

(6) *Transient* means any person who exercises occupancy or is entitled to occupancy for any rooms, lodgings or accommodations in a hotel for a period of less than thirty (30) continuous days.

5-103. Levy of tax authorized.

As authorized by Tenn. Code Ann. 67-4-1401, et seq., the board of mayor and aldermen of the Town of Farragut does hereby levy upon the occupancy in any hotel of each transient a privilege tax of 2.5% of the consideration charged by the operator. Such tax is a privilege tax upon the transient occupying such room and is to be collected as provided in this chapter.

5-104. Disposition of tax.

The proceeds received by the Town of Farragut shall be used for tourism development.

5-105. Collection and refund.

(1) Such tax shall be added by each and every operator to each invoice prepared by the operator for the

occupancy of the hotel and given directly or transmitted to the transient. Such tax shall be collected by such operator from the transient and remitted to the town.

(2) When a person has maintained occupancy for 30 continuous days, that person shall receive from the operator a refund or credit for the tax previously collected from or charged to him, and the operator shall receive credit for the amount of such tax if previously paid or reported to the Town of Farragut.

5-106. Remittance of tax.

The tax hereby levied shall be remitted by all operators who lease, rent or charge for any rooms, lodgings, spaces or accommodations in hotels within the town to the Town Recorder, such tax to be remitted to such officer not later than the 20th day of each month for the preceding month. The operator is hereby required to collect the tax from the transient at the time of the presentation of the invoice for such occupancy whether prior to occupancy or after occupancy as may be the custom of the operator, and if credit is granted by the operator to the transient, then the obligation to the town entitled to such tax shall be that of the operator.

5-107. Monthly tax return—Annual audit.

The Town Recorder shall be responsible for the collection of such tax. A monthly tax return under oath shall be filed with the Town Recorder by the operator with such number of copies thereof as the Town Recorder may reasonably require for the collection of such tax. The report of the operator shall include such facts and information as may be deemed reasonable for the verification of the tax due. The form of such report shall be developed by the Town Recorder and approved by the Board of Mayor and Aldermen prior to use. The Town Recorder may audit each operator in the town at least once per year and report on the audits made to the Board of Mayor and Aldermen. The Board of Mayor and Aldermen is hereby authorized to adopt ordinances to provide reasonable rules and regulations for the implementation of the provisions of this chapter.

5-108. No advertising of rebates.

No operator of a hotel shall advertise or state in any manner whether directly or indirectly that the tax or any part thereof will be assumed or absorbed by the operator or that it will not be added to the rent, or that if added, any part will be refunded.

5-109. Delinquent taxes—Interest and penalty.

Taxes collected by an operator which are not remitted to the Town Recorder on or before the due dates are delinquent. An operator shall be liable for interest on such delinquent taxes from the due date at the rate of twelve percent (12%)per annum, and in addition, for a penalty of one percent (1%) for each month or fraction thereof such taxes are delinquent. Such interest and penalty shall become a part of the tax herein required to be remitted. Each occurrence of willful or knowing refusal of an operator to collect or remit the tax, or willful or knowing refusal of a transient to pay the tax imposed is a Class A misdemeanor, punishable by a civil penalty not to exceed $50.00 per day per offense. The penalty is to be imposed separately for each offense. Each occurrence shall constitute a separate offense. Each occurrence means each day for which there is a failure to collect or remit in the case of an operator, or a failure to pay in the case of a transient.

5-110. Records—Inspection.

It is the duty of every operator liable for the collection and payment to the town of any tax imposed by this chapter to keep and preserve for a period of three years all records as may be necessary to determine the amount of such tax as he may have been liable for the collection of the payment to the town, which records the Town Recorder shall have the right to inspect at all reasonable times.

5-111. Administration and enforcement.

The Town Recorder in administering and enforcing the provisions of this chapter shall have as additional powers, those powers and duties with respect to collecting taxes as provided in Tennessee Code Annotated, title 67, or otherwise provided by law for the county clerks.

(1) Upon any claim of illegal assessment and collection, the taxpayer has the remedies provided in Tennessee Code Annotated, title 67, chapter 23, it being the intent of this chapter that the provision of law which apply to the recovery of state taxes illegally assessed and collected shall also apply to the tax levied under the authority of this chapter. The Town Recorder shall also possess those powers and duties as provided in Tennessee Code Annotated, section 67-1-707, for the county clerks with respect to the adjustment and refunds of such tax.

(2) With respect to the adjustment and settlement with taxpayers all errors of taxes collected by him under authority of this chapter shall be refunded by the town. The town recorder shall have the authority to direct the refunding of same. Notice of any tax paid under protest shall be given to the town recorder and any suit brought for recovery of tax paid under protest shall name the town recorder.

5-112. Deposit of funds.

The Town Recorder is hereby charged with the duty of collection of the tax herein authorized and shall place the proceeds of such tax in an account to be used for the purposes as designated by Section 5-104 of this chapter.

5-113. Severability clause.

The provisions of this chapter are hereby declared to be severable. If any of its sections, provisions, exceptions, or parts be held unconstitutional or void, the remainder of the chapter shall continue to be in full force and effect, it being the legislative intent now hereby declared, that this chapter would have been adopted even if such unconstitutional or void matter had not been included herein.

SECTION 2.

This ordinance shall take effect June 1, 2018, the public welfare requiring it.

Dr. Ralph McGill, Mayor

Allison Myers, Town Recorder

ATTACHMENT B

AGENDA NUMBER VI.E. MEETING DATE January 11, 2018

REPORT TO THE BOARD OF MAYOR AND ALDERMEN

PREPARED BY: David Smoak, Town Administrator DS

SUBJECT: Approval of Resolution R-2018-02, to request the Tennessee General Assembly grant authorization for the Town of Farragut to enact a privilege tax on hotel occupancy

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INTRODUCTION: The purpose of this agenda item is to approve a resolution requesting the Tennessee General Assembly exempt the Town of Farragut from the requirements of Tennessee Code Annotated 67-4-1425 and authorize the Town to levy a privilege tax on hotel occupancy.

BACKGROUND: In 1988, the Tennessee General Assembly enacted legislation that prohibited cities and towns across the state from enacting privilege taxes on hotel occupancy if the town lies in a county that has already enacted a privilege tax. Knox County currently has a hotel occupancy tax equal to 5% of the room rental rate for each hotel establishment in the county. Since this law was enacted, there have been 17 local governments that have gained approval from the State of Tennessee to be exempted from this legislation.

DISCUSSION: In the last several years the Tennessee General Assembly has approved lowering the sales tax on food and the elimination of the Hall Income Tax. These decisions will ultimately reduce revenues to the Town of Farragut by over $1 million/year. Subsequently, the Town has been working on developing a tourism program to help increase visitors to our community, which in turn will provide enhanced revenues through increases in sales taxes and higher occupancy of the hotels in the Town. Considering the loss of other revenue sources the Town relies on to typically fund these types of services, enactment of a hotel occupancy tax will help provide necessary long-term funding for this program.

The request before the General Assembly will be sponsored by Representative Zachary and Senator Briggs. If approved by the legislature, it would exempt the Town from the requirements of TCA 67-4-1425. The Town of Farragut Board of Mayor and Aldermen would then be required to pass an ordinance enacting the occupancy tax for it to become effective.

RECOMMENDATION BY: Town Administrator David Smoak for approval.

PROPOSED MOTION: To approve Resolution R-2018-02, a resolution to request the Tennessee General Assembly to exempt the Town of Farragut from the requirements of Tennessee Code Annotated 67-4-1425 and authorize the Town of Farragut to levy a privilege tax on hotel occupancy.

BOARD ACTION:

MOTION BY: ______________________ **SECONDED BY:** ______________________

VOTE/TOTAL	POVLIN	MARKLI	MCGILL	PINCHOK	WILLIAMS
YES	____	____	____	____	____
NO	____	____	____	____	____
ABSTAIN	____	____	____	____	____

farragut

TOWN OF FARRAGUT

RESOLUTION R-2018-02

A RESOLUTION TO REQUEST THE TENNESSEE GENERAL ASSEMBLY TO EXEMPT THE TOWN OF FARRAGUT FROM THE REQUIREMENTS OF TENNESSEE CODE ANNOTATED 67-4-1425 AND AUTHORIZE THE TOWN OF FARRAGUT TO LEVY A TAX ON THE PRIVILEGE OF HOTEL OCCUPANCY

WHEREAS, pursuant to Tennessee Code Annotated §67-4-1425(a)(2), a Town is prohibited from levying a tax on the privilege of occupancy of a hotel if the County in which the Town is located has levied the tax prior to the adoption of the tax by the Town; and

WHEREAS, Knox County currently levies a tax on the privilege of occupancy of a hotel; and

WHEREAS, the Town of Farragut requests to be exempt from the requirements of Tennessee Code Annotated §67-4-1425(a)(2); and

WHEREAS, if the Town is exempted from this section and authorized to levy a tax on the privilege of occupancy of a hotel, the proceeds from such tax will be used for tourism development in the Town of Farragut; and

WHEREAS, the Hotel Occupancy Tax rate the Town of Farragut requests will be a maximum of four percent (4%) of the room rate charged by the hotel operator.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Mayor and Aldermen of the Town of Farragut, that the Tennessee General Assembly is hereby requested to exempt the Town of Farragut from the requirements of Tennessee Code Annotated §67-4-1425(a)(2).

This Resolution is duly adopted by the Board of Mayor and Aldermen of the Town of Farragut on this 11th day of January 2018.

Ralph McGill

Ralph McGill, Mayor

Allison Myers

Allison Myers, Town Recorder

ATTACHMENT C

HOUSE BILL 1492
By Zachary

SENATE BILL 1503

By Briggs

AN ACT to amend Tennessee Code Annotated, Section 67-4-1425, relative to a hotel-motel tax in any city that is situated in two (2) or more counties and having a population of not less than twenty thousand six hundred (20,600) nor more than twenty thousand seven hundred (20,700), according to the 2010 federal census or any subsequent federal census.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-1425, is amended by adding the following as a new subsection:

This section does not apply in any city that is situated in two (2) or more counties and having a population of not less than twenty thousand six hundred (20,600) nor more than twenty thousand seven hundred (20,700), according to the 2010 federal census or any subsequent federal census; provided, that the city is authorized to levy a privilege tax by ordinance adopted by a two-thirds (2/3) vote of its governing body upon the privilege of occupancy in any hotel located within the city of each transient in an amount not to exceed four percent (4%) of the consideration charged by the operator. All proceeds received by the city from the tax must be used solely for tourism development. The ordinance must set forth the manner of collection and administration of the privilege tax.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

Attachment D

TN Hotel Tax and General Tourism Research

Source: TN Department of Tourism Annual report 2017

There are 5 key economic indicators related to Tourism – and all increased in 2016

- Travel Expenditures ($19.3 Billion)– increased 4.7% in TN; exceeded national growth rate of 2.9%
- Payroll ($4.3 Billion) – increased 5.6% in TN; exceeded national growth rate of 5.5%
- Employment (176, 500) – increased 3.3% in TN; just below national growth rate of 3.7%
- State Tax – increased 6.7% in TN; exceeded national growth rate of travel related state tax revenue of 5.5%
- Local Tax – increased 5.3%

6 most popular things tourists are looking to do

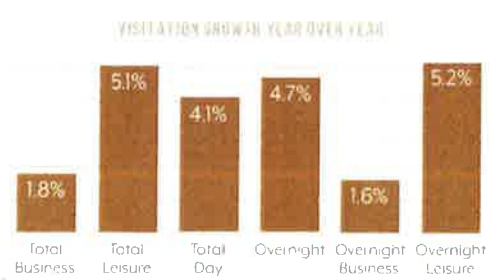
- Shopping;
- dining/culinary;
- visiting friends and relatives;
- national and state parks;
- sightseeing and tours;
- visiting historic sites

2016 first year that tourism generated over 1 billion in state tax revenue

- All 95 counties saw at least a $1 million in economic impact from tourism
- 92 of our 95 counties saw in increase in economic impact due to tourism
- 19 counties saw more than $100 million in economic impact

Return on Investment

- TN tourism ROI is 18-1; $18 tax dollars for every $1 spent on tourism marketing campaign
- National benchmark 9-1; $9 tax dollars for every $1 spent on tourism marketing campaign



TN is seeing steady growth in Winter tourism

Tourists are staying an average of 2.33 nights up from 2.19 nights
Average daily spending is $116 and average trip spending is $441

Source: 2016 Economic Impact of Travel on TN Counties – (pub 8/17 TDTD Source: U.S. Travel Assoc.)

2016 data for Knox County

Year	Expenditures ($ Millions)	Payroll ($ Millions)	Employment (Thousands)	State Tax Receipts ($ Millions	Local Tax Receipts ($ Millions
2016	1,056.16	206.01	10.18	56.40	25.64
2015	1,014.98	196.88	9.86	53.25	24.50
% Change from 2015	4.1%	4.6	3.2%	5.9%	4.7%

Source: 2016-2017 Visit Knoxville Annual Report

- Visit Knoxville launched new branding: Knoxville Will Surprise You
- Enhanced guest and local experience with Visitors Center renovations
- Generated more than $177 million in economic impact in booked business
- Utilizes East TN Familiarization (FAM) tours when hosting potential bookings; hosted 3 FAM tours with a total of 47 meeting planners, event organizers and tour operators representing 29 groups; Visit Knoxville has 5 pending bookings resulting from these FAM tours

Source: Structured Lodging Taxes to Preserve the Economy and Encourage Tourism – January 2016 Report of the TN Advisory Commission on Intergovernmental Relations (TACIR)

- 2013 Lodging alone contributed more than 2 billion to TN state's economy and generated $154 million in lodging tax revenue for cities and counties; almost half of that money is used to fund convention centers and programs that promote tourism
- Though increasing the cost of a room, whether by increasing the room price or increasing the tax can reduce the number of hotel stays, studies show that lodging customers are not very sensitive to lodging taxes (page 1&2 TACIR report)
- For non-business travelers the burden of the lodging tax falls on the consumer and not the hotel; and the amount that the consumer spends on the tax is very small in relation to the total travel cost
- Travelers produce secondary economic effects beyond their own spending, including purchases from local suppliers by hospitality businesses and increased spending by employees of those businesses.
- All hotel guests in TN pay state and local sales taxes and in most places a county lodging tax, a city lodging tax, or BOTH. TN is one of 44 states in which both sales tax and a lodging tax applies to hotel stays
- Travelers are more sensitive to price when considering high-priced hotels; this can be explained by the ability for the traveler to trade down to a lesser priced hotel if available

- Lodging taxes do not appear to deter a developer's decision about where to build hotels; developers are more likely to look at occupancy and room rates when considering development (page 16 & 17 TACIR Report)
- Although the State of TN does not require earmarks for the lodging tax collected; over half (74.2 million) of the estimated $145 million collected in 2014 by cities and counties was ear-marked for tourism related expenses

There is only one study that specifically explored the effects of lodging taxes on the economy; it estimated that a 2.4% reduction in room sales and associated visitor spending would result if 2% were added to the existing lodging tax rates. **This study assumed that money collected from the lodging tax would not reappear elsewhere in the economy**.

This study is difficult to evaluate because it is based on proprietary models that were not fully described or disclosed. The study tends to assume that money not spent on the object of interest is not used in some other productive way. This study, for example, appeared to assume that money collected from lodging taxes is permanently removed from the national economy. The study included estimates for every state. No other study was found that specifically explored the effect of lodging taxes on the tourism or lodging industries or the broader economy. (Page 13 TACIR report)

State of TN does not have a statutory definition of tourism but it is generally accepted to mean:

- Planning and conducting programs of information and publicity designed to attract to the county tourists, visitors and other interested persons from outside the area
- Encourage and coordinate the efforts of other public and private organizations or groups of citizens to publicize the facilities and attractions of the area for the same purposes
- The acquisition, construction and remodeling of facilities useful in the attraction and promoting of tourist, convention and recreational businesses

Source: TN Hospitality and Tourism Association Membership Brochure

HOSPITALITY & TOURISM INDUSTRY: FAST FACTS

$19B

Travel Expenditures
Generated Annually

$4M

State & Local Taxes Generated Daily

400K

Industry Jobs
in Tennessee

+$1.7B

State & Local Taxes Generate Annually

-$400

Fewer Taxes Paid by
Each State Household
Due to Tourism

$4M

Payroll Generated by Direct Travel Spending

2017 numbers from the Tennessee Department of Tourist Development and the U.S. Travel Association

Source: U.S. Travel Association

- Site has an entire toolkit entitled: The Power of Travel Promotion – What Destination Marketing Means to Communities Nationwide
- Toolkit includes case studies (notable Asheville and Nashville) as well as case studies that reflect the negative impact of cutting promotion spending
- Sample Op-Ed piece
- Sample letters
- And Travel Economic Impact Calculator - https://travelcalculator.ustravel.org/
- TN District 2 – Travel Information https://www.ustravel.org/economic-impact#tn-2

Study of Lodging Charges – Feb 22, 2018

Webinar presentation - speakers were J. Mageau from the U.S. Travel Association and John Lambreth, Civitas Advisors

https://vimeo.com/257203861

- time mark 38:40 of video begins a question sequence on the effects of lodging taxes; presenter states that no specific research has been done but that he hears time and again that a 1 – 2% increase in tax rate shows no damaging impact on industry;
- the 18-19% hotel tax range seems to be the tipping point
- Investing in travel promotion generates a virtuous cycle of economic benefits. Travelers visiting a destination spend money at local attractions, hotels, retail, restaurants and transportation. Promotion also improves the quality of life for residents, offering a positive "halo effect" on perceptions of a destination for residents and visitors alike
- Investing in destination marketing drives broad economic growth. In fact, destinations with a higher concentration of visitor-related industries tend to grow faster than other regions.

https://www.ustravel.org/research/study-lodging-charges-and-allocation-revenues-taxes-and-assessments-lodging

farragut

Town of Farragut Marketing Plan

		status	NOTES
PRIORITY A			
	Messaging		
A1	Visitor campaign tagline	complete	
A2	Business campaign tagline and positioning	complete	
	Content Creation and Production		
A3	New resident transition checklist (content and design)	complete	
A4	New resident guide, downloadable (content and design)	complete	
A5	SEO research (identify keywords for target audiences in order to maximize organic web search results)	complete	This is an ongoing project that changes as google, etc. change strategies
A6	New resident landing page on Town website (content and graphics; does not include coding)	complete	
A7	Visitor landing page on Town website (content and graphics)	In Process	Expect to have website up and running in May
A8	Other website recommendations for SEO (content tweaks)	In Process	Same as SEO research
A9	Video series strategy (strategy and development of 3 scripts)	In Process	Video 1 (business recruitment) is in production; expect to do Video 2 (tourism) this summer

ATTACHMENT E

A10	Video series production (pre-production, shooting with professional crew, editing, graphics) of 3 :30 sec videos; includes variety of original footage, catalogued for future applications.	In Process	Video 1 (business recruitment) is in production; expect to do Video 2 (tourism) this summer
	Social and Affiliate Sites		
A11	Develop social media content calendar	Complete	
A12	Develop follower growth and promotional plan	Complete	
A13	Develop social media posting schedule	Complete	
A14	Develop social media graphic templates	Complete	
A15	Develop co-op advertising plan		
A16	Maximize opportunities on Yelp and Trip Advisor	In Process	
A17	Maximize opportunities on TNvacation.com	In Process	Working with Visit Knoxville for targeted advertising on website; met with TN Tourism and waiting on specfici information
	Signage		
A18	Research and recommend locations and sign types	In Process	This plan may need to be adapted due to TDOT regulations and visual clutter issues; staff is looking at alternatives to the recommendations.
A19	Produce art for signs		
A20	Print and place signs		
PRIORITY B			
B1	Step-by-step business guide		

B2	New business landing page on Town website		
B3	Google AdWords advertising strategy and pilot campaign (e.g. Knox Open hotels)		
PRIORITY C			
C1	Develop visitor packages (e.g. Buddy Greg, ProVision...)		
C2	Develop pedestrian walking tour		
C3	Develop New Business Advocate / Liaison Program		
C4	Google Display Network advertising campaign promoting videos		
PRIORITY D			
D1	Develop more mobile-friendly maps for greenways	In Process	Working with Knox County and City of Knoxville for a county wide interactive map hosted by KGIS
D2	Strengthen greenway connectivity signage/printed maps		Same as above - printed map will be developed once interactive county wide map is implemented

ATTACHMENT F

Visitor/Tourism Coordinator - Proposed Work Program

- Assess and develop mission for the Farragut Visitors Bureau – possibly through a "listening tour" of the town by speaking with current hotels, restaurants, entertainment facilities and other retail businesses in conjunction with the Farragut Business Alliance and the Farragut Chamber of Commerce:
    - Karen toured (or attempted to tour) each of the Farragut hotels and has had a meeting with them to start this process.) She will start with tours/meetings of entertainment facilities (Putt Putt, Cool Sports, Etc.) in May.
- Develop charter and by-laws and recruit members for a Visit Farragut advisory committee. Sample membership would include a representative from the hotel, restaurant, attraction and general businesses plus one member of the Board of Mayor and Aldermen and a citizen at large (Late Summer 2018 – we want Karen to complete her first year of "tourism college" before we ask the BMA to appoint an advisory committee so we use best practices and avoid as many pitfalls as possible.)
- Establish relationships with area CVB/DMO's including Visit Knoxville, Oak Ridge, Blount and Loudon County with the goal of regional promotion:
    - Karen is experiencing the Visit Knoxville Gotta Know program (for volunteer ambassadors) and will be actively talking with other local CVS's this summer.
    - Establish relationships and actively participate in Visit Knoxville Sports Commission recruitment: Sue has been working on this but Visit Knoxville Sports Commission has moved away from main stream outdoor sports and toward outdoor or adventure possibilities and indoor sports that fill the convention center (basketball and volleyball.)
- Establish relationship and explore coordination opportunities with the Farragut/West Knox Chamber of Commerce
    - Karen has had an initial meeting with the Chamber.
- Establish relationship and explore coordination opportunities with Shop Farragut (Farragut Business Alliance)
    - Karen has had an initial meeting with the FBA. Sue or Karen are attending the FBA and the EDAC monthly meetings to explore areas of coordination.
- Establish relationship and explore coordination opportunities with Farragut Schools
- Implement stage one of the wayfinding signage program
    - TDOT regulations and location issues will cause this item to be readdressed – possibly by a consultant.
- Coordinate initial stage of national, state and regional tourism advertising
    - Karen, Wendy and/or Sue are actively working with Visit Knoxville on website advertising; have had initial conversations about additional advertising opportunities along with updating our page on the state tourism website.
- Implement visitor landing page on Town website and implement SEO research in update of website
    - Microsite is under construction and should be functional in May – staff have provided our consultant with all the initial copy and photos. We expect to tweak this site a lot in

the first year and then will do constant maintenance after that. The special event calendar will take staff time for upkeep – community event and tournament applications are being adapted so that these events can be added to the calendar as requested.

- Coordinate and expand Town presence on Tennessee State Tourism website:
    - Wendy and Sue have had initial conversations about additional advertising opportunities along with updating our page on the state tourism website.
- Develop, advertise and maintain a self-populating community calendar
    - The special event calendar (on the tourism microsite) will take staff time for upkeep – community event and tournament applications are being adapted so that these events can be added to the calendar as requested.
- Maximize opportunities on Yelp and Trip Advisor
    - Wendy and our consultant have been working on increased visibility on Yelp and Trip Advisor
- Implement Google adwords advertising strategy
    - In process – our consultant has given us the key words and these are being implemented in our websites, etc.
- Initiate discussions for a co-op advertising plan
- Coordinate production of an initial video series
    - The business recruitment video is in production. An RFQ will be released in June for additional tourism and marketing assistance – this will include a tourism video and segments that can be used for social media, advertisements and other related items.
- Initiate the development of visitor packages with Town businesses
- Collaborate on strategy and signage for a pedestrian walking tour
- Propose goals, objectives and performance measurements for future fiscal years

Attachment G

Tourism Fund-122

		FY2018-19 Proposed
	Beginning Balance	**0**
122	**Revenues**	
31920	Room Occupancy Tax	321,500
36543	Gift Shop Revenue	0
34230	Museum Membership	0
	Total Revenues	**321,500**

	TOURISM FUND DESCRIPTION	**FY2018-19**
44520	**EXPENDITURES**	**Proposed**
111	Regular Employee Wages	34,944
	Event Employee Wages	75,000
141	FICA Tax	2,673
146	Workers Comp Insurance	0
151	COLA	0
152	Merit Adjustment	0
	Total Personnel	**112,617**
221	Advertising/Printing	96,000
235	Dues/Subscriptions	2,500
254	Professional Services	40,000
258	Web Services	1,200
263	Events	15,000
280	Travel, Training	3,300
300	Office Supplies	10,000
	Total Operating Expenditures	**168,000**
	Total Tourism Expenditures	**280,617**
	Other Funding Sources	
37940	Transfer from General Fund	0
	Total Transfers in	**0**
	Revenue over (under) expenditures	40,883
	Ending Balance	**40,883**

AGENDA NUMBER VII.B.1. MEETING DATE May 10, 2018

REPORT TO THE BOARD OF MAYOR AND ALDERMEN

PREPARED BY: Allison Myers, Town Recorder

SUBJECT: Approval of Resolution R-2018-04, A Resolution to Approve the Remittance Form for the Town of Farragut Hotel/Motel Tax

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INTRODUCTION: The purpose of this business item is to approve Resolution R-2018-04, A Resolution to Approve the Remittance Form for the Town of Farragut Hotel/Motel Tax.

DISCUSSION: Ordinance 18-04 states that the Town Recorder shall develop a form for remittance of the Hotel/Motel tax. The form is attached and must be approved by the Board of Mayor and Aldermen.

RECOMMENDATION BY: Allison Myers, Town Recorder/Treasurer, for approval.

PROPOSED MOTION: To Resolution R-2018-04, A Resolution to Approve the Remittance Form for the Town of Farragut Hotel/Motel Tax.

BOARD ACTION:

MOTION BY: ______________________ **SECONDED BY:** ______________________

VOTE/TOTAL	MARKLI	PINCHOK	POVLIN	WILLIAMS	MCGILL
YES					
NO					
ABSTAIN					

farragut

TOWN OF FARRAGUT

RESOLUTION R-2018-04

A RESOLUTION TO APPROVE THE REMITTANCE FORM FOR THE TOWN OF FARRAGUT HOTEL/MOTEL TAX

WHEREAS, on May 10, 2018 the Farragut Board of Mayor and Aldermen approved Ordinance 18-04, an Ordinance to add Title 5, Municipal Finance and Taxation, by adding Chapter 1, Hotel/Motel Tax; and

WHEREAS, pursuant to Title 5, Municipal Finance and Taxation, Section 5-107, Monthly tax return, the Town Recorder shall develop a form to be approved by the Board of Mayor and Aldermen; and

WHEREAS, the Town Recorder has developed the attached form for the monthly remittance of the 2.5% Hotel/Motel Tax; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Mayor and Aldermen of the Town of Farragut, that the attached form is approved as the official remittance form for the Town of Farragut Hotel/Motel Tax.

This Resolution is duly adopted by the Board of Mayor and Aldermen of the Town of Farragut on this 10th day of May 2018.

____

Ralph McGill, Mayor

____

Allison Myers, Town Recorder