

BMA Minutes January 9, 2020

Mayor Williams called the meeting to order at 7:00 PM. Members present were Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin.

Approval of Agenda

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

Mayor's Report

Brad Hall, KCSO, reported about a few robberies in Farragut and the surrounding area.

Approval of Minutes

Tourism Workshop, December 11, 2019, BMA Workshop and Board meeting, December 12, 2019

Motion was made, with an amendment to the tourism workshop minutes, to approve the minutes of Tourism Workshop, December 11, 2019, BMA Workshop and Board meeting, December 12, 2019. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Business Items

Approval of Right-of-Way & Easements purchase for the Virtue Road Construction Project, at 12300 Kingston Pike

Motion was made to approve the Right-of-Way & Easements purchase for the Virtue Road Construction Project, at 12300 Kingston Pike. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Approval of Resolution R-2020-01, Appointment of Municipal Judge

Motion was made to approve Resolution R-2020-01, Appointment of Keith Alley as Municipal Judge. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Ordinance

First Reading

Ordinance 20-01, 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 20-01 on first reading. Moved by Alderman Meyer, seconded by Alderman Pinchok. The following individuals spoke concerning the Hotel/Motel tax.

- Darren Tallent

- Scott Pesha
- Amit Patel
- Trent Walker
- Bob Markli
- Joleen Dewald

After much discussion a motion was made to call the question. Moved by Alderman Meyer, seconded by Alderman Povlin; roll call vote: Alderman Burnette, yes; Alderman Meyer, yes; Alderman Pinchok, yes; Alderman Povlin, yes; Mayor Williams, yes; motion passed 5-0.

Roll call vote on the original motion of Approval of Ordinance 20-01 on first reading. Alderman Meyer, yes; Alderman Pinchok, yes; Alderman Povlin, no; Alderman Burnette, yes; Mayor Williams, yes; motion passed 4-1.

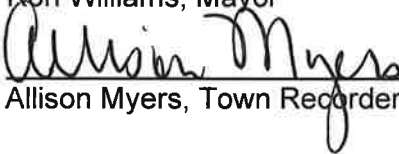
Town Administrator's Report

David Smoak, Town Administrator, reported that the Town of Farragut 40th Anniversary would be at the Community Center on Thursday, January 16 at 10:00 AM.

Meeting adjourned at 8:55PM.



Ron Williams, Mayor



Allison Myers, Town Recorder



**FARRAGUT BOARD OF MAYOR AND ALDERMEN
AGENDA**

January 9, 2020

**BMA MEETING
7:00 PM**

- I. Silent Prayer, Pledge of Allegiance, Roll Call**
- II. Approval of Agenda**
- III. Mayor's Report**
- IV. Approval of Minutes**
 - A. Tourism Workshop, December 11, 2019, BMA Workshop and Board meeting, December 12, 2019
- V. Business Items**
 - A. Approval of Right-of-Way & Easements purchase for the Virtue Road Construction Project, at 12300 Kingston Pike
 - B. Approval of Resolution R-2020-01, Appointment of Municipal Judge
- VI. Ordinance**
 - A. First Reading
 - 1. Ordinance 20-01, Ordinance to add Title 5, Municipal Finance and Taxation, by adding Chapter 1, Hotel/Motel Tax, of the Farragut Municipal Code
- VII. Town Administrator's Report**
- VIII. Town Attorney's Report**
- IX. Citizens Forum**

11408 MUNICIPAL CENTER DRIVE | FARRAGUT, TN 37934 | 865.966.7057
WWW.TOWNOFFARRAGUT.ORG

It is the policy of the Town of Farragut not to discriminate on the basis of race, color, national origin, age, sex, or disability pursuant to Title VI of the civil Rights Act of 1964, Public Law 93-112 and 101-336 in its hiring, employment practices and programs. To request accommodations due to disabilities, please contact the ADA Coordinator at jcurry@townoffarragut.org or 865-966-7057 in advance of the meeting.

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 end of each business 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 Recorder or staff member. This time is set aside specifically for comments on items that are not 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
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 Recorder or a staff member;
3. Speakers shall come to the podium and identify themselves by name and street 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; each speaker should have their own thought;
6. Comments shall address issues, not individuals or personalities;
7. Comments may support or oppose 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.

Each speaker will be asked if they can agree to abide by the Comment Protocol. If so, please be prepared to speak when your name is called.

December 11, 2019 Tourism Workshop Minutes

The Board of Mayor and Alderman conducted a tourism workshop on December 11, 2019, all members were present. The consensus was for the consideration of the Hotel/Motel Tax at 3% to fund a future tourism program. The ordinance for consideration will be on the January 9, 2020 agenda.

December 12, 2019 Minutes

Workshop

The Board of Mayor and Aldermen provided guidance to staff concerning property maintenance within the Town of Farragut.

The Board asked questions of staff about the Knox County Growth Policy Plan. This item will be on the January 9th Board of Mayor and Aldermen meeting.

Alderman Meyer presented a proposal for a volleyball tournament. The board verbally designated funding for the tournament.

Board Meeting

Mayor Williams called the meeting to order at 7:00 PM. Members present were Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin.

Approval of Agenda

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

Mayor's Report

Mayor Williams thanked public works and parks staff on great Christmas events.

Presentation of Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2019

Sarah Moscript, Whitlock & Company, presented the CAFR report to the board.

Approval of Minutes

Motion was made to approve the minutes of November 14, 2019 as presented. Moved by Alderman Povlin, seconded by Alderman Pinchok; voting yes, Mayor Williams, Aldermen Meyer, Pinchok and Povlin; no nays, Alderman Burnette abstained; motion passed.

Business Items

Approval of 2020 Snow Removal Efficiency Schedule

Motion was made to approve the 2020 Snow Removal Schedule as presented. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Approval of Contract 2020-11, Campbell Station Wall Renovation

Motion was made to approve Contract 2020-11 with Pratt Masonry in the amount of \$77,000. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Approval of bids for Project Material, Campbell Station Wall Renovation

Motion was made to approve material purchase from General Shale Brick in the amount of \$57,337.92. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Approval of Contract for Control Access and Security System

Motion was made to approve the contract with Knox Integrated for Control Access and Security System in the amount of \$51,690. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Approval of request for residential driveway onto Everett Road for a proposed dwelling at 750 Everett Road (Jill Bagga, Applicant)

Motion was made to Approval of request for residential driveway onto Everett Road for a proposed dwelling at 750 Everett Road. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Approval of request for residential driveway onto Boyd Station Road for the property at 1024 McFee Road (Lisa & Robert Gibson, Applicant)

Motion was made to approve a request for residential driveway onto Boyd Station Road for the property at 1024 McFee Road. Moved by Alderman Povlin, seconded by Alderman Pinchok, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Approval of Professional Services Agreement for Legislative Services with Laine Communications

Motion was made to approve a Professional Services Agreement for Legislative Services with Laine Communications for a 3-year contract. Moved by Alderman Povlin, seconded by Alderman Meyer, voting yes, Mayor Williams, Aldermen Burnette, Meyer, Pinchok and Povlin; no nays, motion passed.

Ordinance

Public Hearing & Second Reading

Ordinance 19-29, an ordinance to amend the Farragut Municipal Code, Chapter 105, Article 2., Section 105-20 e. and f., concerning construction types and sprinklering for certain size/story structures

Motion was made to approve Ordinance 19-29 on second and final reading. Roll call vote: Alderman Burnette, yes; Alderman Meyer, yes; Alderman Pinchok, yes; Alderman Povlin, yes; Mayor Williams, yes; motion passed.

Town Administrator's Report

David Smoak, Town Administrator, announced that the Community Center ribbon cutting is January 16, 2020 at 10:00 AM.

Meeting adjourned at 8:00PM.

Ron Williams, Mayor

Allison Myers, Town Recorder

AGENDA NUMBER

V. A

MEETING DATE

January 9, 2020

REPORT TO THE BOARD OF MAYOR AND ALDERMEN**PREPARED BY:** Darryl W. Smith, PE**SUBJECT:** Approval of Purchase of Right of Way and Easements at 12300 Kingston Pike

INTRODUCTION: The purpose of this item is the approval of the purchase of right of way and easements at 12300 Kingston Pike (Willow Creek Golf Course) for improvements to Virtue Road.

BACKGROUND: The Town is in the process of purchasing right of way and easements for improvements to Virtue Road from 700 feet south of Kingston Pike to 2200 feet south of Broadwood Drive (see attached map). The project will include widening Virtue Road to two 11' travel lanes, with curb & gutter and 8' asphalt greenway. Right of way and/or easements are currently being purchased from 11 separate properties, the largest of which is Tract 1 (Willow Creek Golf Course). This tract spans almost the entire western side of the project and includes five small parcels of right of way (fee simple – 3156 square feet), 0.122 acre of slope easement and 0.156 acre of temporary construction easement. The Town's total offer of compensation is \$74,459, including \$12,559 for the actual right of way and easements, and \$61,900 for replacement of fencing and trees ("cost to cure"). It should be noted that almost all trees along the western side of Virtue Road will be removed during construction, leaving golfers and passing vehicles exposed to one another. The "cost to cure" amount includes \$16,000 for installation of a privacy fence at two tee areas and \$45,900 for replacement of trees on the golf course property. The Town will supplement the planting of these trees on the public right of way at appropriate locations as space allows.

FINANCIAL SECTION:**Project: Virtue Road****Project Budget (PE &****ROW)****Requested Amount****Contracted Amount****Remaining Amount**

\$875,000

\$74,459

\$473,680

\$326,861

Approved By:**RECOMMENDATION BY:** Darryl Smith, Town Engineer, for approval.

PROPOSED MOTION: Approval of payment of \$74,459 to Willow Creek Golf Course for right of way and easements for the planned improvements to Virtue Road.

BOARD ACTION:**MOTION BY:** _____ **SECONDED BY:** _____**VOTE/TOTAL****WILLIAMS****POVLIN****MEYER****PINCHOK****BURNETTE****YES****NO****ABSTAIN**

AGREEMENT OF SALE
Right of Way Acquisition & Proposed Improvements
Virtue Road
Town of Farragut
Knox County, Tennessee

PROJECT: Virtue Road Improvements
COUNTY: Knox TRACT: 1
Owner(s): Willow Creek Golf Club – William Roach, Trustee

This agreement entered into on this the 19 day of Nov, 2019
between Willow Creek Golf Club herein after called the Seller and
The Town of Farragut shall continue for a period of 90 days under the terms and conditions listed
below. This Agreement embodies all considerations agreed to between the Seller and **The Town of**
Farragut.

A. The Seller hereby offers and agrees to convey to **The Town of Farragut** lands identified as
Tr. 1 on the right-of-way plan for the above referenced project upon **The Town of Farragut**
tendering the purchase price of \$ 74,459, said tract being further described on the
attached legal description.

See the attached legal description of acquisition from the subject tract, Exhibit "A"

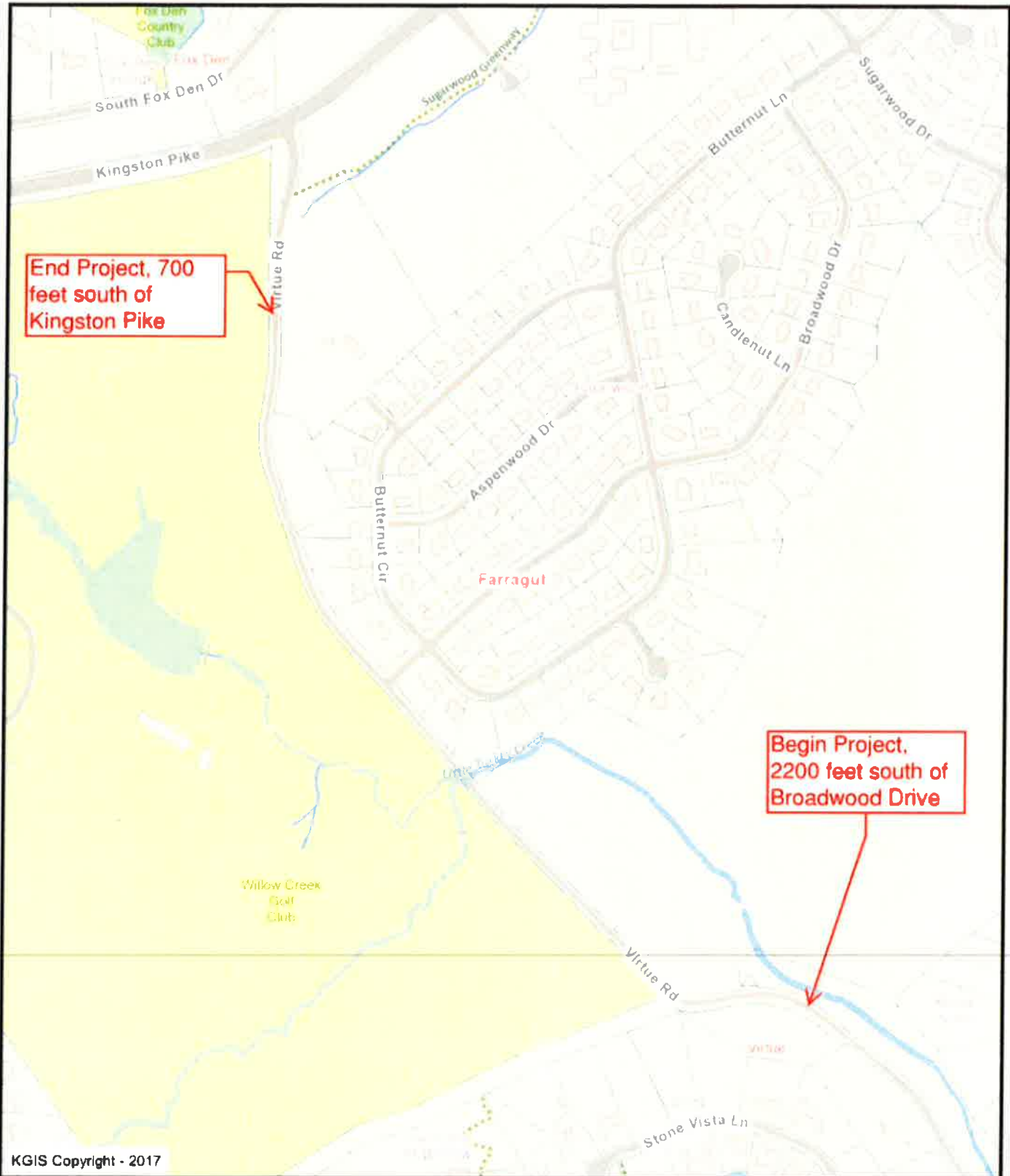
B. **The Town of Farragut** agrees to pay for the expenses of title examination, preparation of
instrument of conveyance and recording of deed.

C. Other: Fencing will be maintained at all times for security of golf course. The existing fence will
be left in equally good condition after construction. Existing trees will remain wherever possible.
At the 5th tee the owner is paid, in this offer, and will install an 8 foot fence with privacy slats
approximately 170 feet in length. The Town of Farragut will plant trees and or shrubs along this
170 feet of fence. This landscaping will be on the Town's right of way and placed where the right
of way has adequate width.

The consideration herein is forbearance of a condemnation suit, by **The Town of Farragut**,
against the property owner herein.

D. The Seller states in the following space the name of any Lessee of any part of the property to be
conveyed and the name of any other parties having any interest of any kind in said property.

William A Roach Trustee
(SELLERS)
12300 Kingston Pike Knoxville TN 37934
Address
865 415-5371
Home Phone Work Phone Cell Phone
Kelly O G Landon
Consultant for The Town of Farragut



Virtue Road Improvements

2200 Feet South of Broadwood Drive to 700 feet South of Kingston Pike

Knoxville - Knox County - KUB Geographic Information System

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REPORT TO THE BOARD OF MAYOR AND ALDERMEN**PREPARED BY:** Allison Myers, Town Recorder**SUBJECT:** Resolution R-2020-01, Appointment of Town of Farragut Municipal Judge**INTRODUCTION:**

In accordance with the Town of Farragut Municipal Code Chapter 12, Section 12-2, the office of municipal judge shall be filled by a resolution of appointment by the Board of Mayor and Aldermen.

BACKGROUND:

Any person appointed to the office of municipal judge shall hold a baccalaureate degree from an accredited college or university; shall be at least thirty years of age and have been a resident of the town for a period of one-year preceding election to office.

The normal term of office for any officer appointed pursuant of section 3-105 shall be for one year and such officer shall continue to serve thereafter until such officer's successor has been appointed and is sworn in unless otherwise provided.

DISCUSSION:

Keith Alley, current Municipal Judge, was first appointed in 2016 and has agreed to serve another term.

PROPOSED MOTION:

To approve Resolution R-2020-01, Appointment of Keith Alley as the Town of Farragut Municipal Judge.

BOARD ACTION:

MOTION BY: _____ **SECONDED BY:** _____

<u>VOTE/TOTAL</u>	<u>BURNETTE</u>	<u>MEYER</u>	<u>PINCHOK</u>	<u>POVLIN</u>	<u>WILLIAMS</u>
YES	_____	_____	_____	_____	_____
NO	_____	_____	_____	_____	_____
ABSTAIN	_____	_____	_____	_____	_____



TOWN OF FARRAGUT

RESOLUTION R-2020-01

APPOINTMENT OF MUNICIPAL JUDGE

WHEREAS, the Board of Mayor and Aldermen of the Town of Farragut, wishes to appoint a Municipal Judge, and

WHEREAS, the level of compensation of the Municipal Judge may be set by the Board of Mayor and Aldermen,

NOW, THEREFORE, BE IT RESOLVED that **Keith Alley** is hereby appointed effective February 1, 2020 as municipal judge to a term ending January 31, 2021, or thereafter until a successor Municipal Judge has been appointed and been sworn in and shall be paid compensation of \$100 per session of the Farragut Municipal Court.

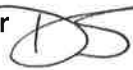
This Resolution is duly adopted by the Board of Mayor and Aldermen of the Town of Farragut on this 9th day of January 2020.

Ron Williams, Mayor

Allison Myers, Town Recorder

REPORT TO THE BOARD OF MAYOR AND ALDERMEN

PREPARED BY: David Smoak, Town Administrator



SUBJECT: Ordinance 20-01, First Reading, to add Title 5, Municipal Finance and Taxation, of the Farragut Municipal Code, by adding Chapter 1, Hotel/Motel Tax

INTRODUCTION: The purpose of this agenda item is to approve Ordinance 20-01, which would implement a municipal Hotel/Motel Tax for all hotels located within the Town of Farragut.

BACKGROUND: The Town of Farragut began its tourism program in February 2018 with the hiring of a tourism coordinator. 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.

The Tennessee General Assembly approved HB1492/SB1503 in April 2018, 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 Farragut in an amount not to exceed 4% of the rate charged to the customer by the operator of the hotel. 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 20-01 would authorize the Town to implement a hotel tax of up to 3.0% 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. 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 March 1, 2020.

There are two attachments to this report that discuss tourism development and plans for the Town's tourism program: Attachment A – Ordinance 20-01, Attachment B – BMA Workshop report from December 11, 2019 with revised budget based on BMA feedback at the meeting.

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 3.0% hotel tax would be between \$339,810-\$468,938 per year. The Town will develop a separate Tourism Fund to track both revenues and expenditures. Expenditures include personnel costs, marketing and advertising, event planning, and office operations for a total estimated cost of \$276,600. Any remaining funds available would be placed in tourism fund balance to be used for future capital or operational expenditures.

STRATEGIC PLAN: The Town of Farragut strategic plan lists as a Critical Success Factor to Enhance 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 20-01 would be consistent with the Town's strategic plan.

RECOMMENDATION BY: The Town of Farragut Tourism/Visitor Advisory Committee on September 10, 2019 recommended the Town implement a 3% hotel tax for tourism development. Town Administrator David Smoak also recommends approval.

PROPOSED MOTION: To approve Ordinance 20-01 on first 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:** _____

<u>VOTE/TOTAL</u>	<u>MEYER</u>	<u>POVLIN</u>	<u>WILLIAMS</u>	<u>PINCHOK</u>	<u>BURNETTE</u>
YES	_____	_____	_____	_____	_____
NO	_____	_____	_____	_____	_____
ABSTAIN	_____	_____	_____	_____	_____

ORDINANCE	20-01
PREPARED BY	Smoak
PUBLIC HEARING	<u>January 23, 2020</u>
DATE	_____
1 ST READING	<u>January 9, 2020</u>
2 nd READING	<u>January 23, 2020</u>
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 3.0% 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 1, Part 9, 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 March 1, 2020, the public welfare requiring it.

Ron Williams, Mayor

Allison Myers, Town Recorder

REPORT TO THE BOARD OF MAYOR AND ALDERMEN

PREPARED BY: Karen Tindal, Tourism Coordinator, and Sue Stuhl, Parks & Recreation Director

SUBJECT: Hotel Tax Ordinance Supporting Documents

DISCUSSION: This packet includes information about the Town of Farragut tourism program and other pertinent information. This information includes:

- **Visit Farragut Highlights:** Includes high points of the work and accomplishments of the program beginning with the hiring of the tourism coordinator in early 2018.
- **Visit Farragut Snapshot:** Includes a quick look at specific numbers and program highlights for the first quarter of FY20 (July-Sept 2019).
- **Farragut Hotel Occupancy, ADR and RevPar:** Includes a chart of the reporting Farragut hotel occupancy rate, average daily rate and revenue per available room. This chart represents the time period from April 2018 to October 2019. This information is available by subscription as part of the STR Destination Report.
- **Visit Farragut Vision/Mission and Budget:** Includes vision and mission statements, revised tourism budget with capital expenditures and tax rate table as discussed at 12/11/19 tourism workshop.
- **TVAC Committee Minutes:** Minutes from the Sept. 10 meeting of the Tourist/Visitor Advisory Committee during which the committee approved a recommendation of a hotel/motel tax at the rate of 3%.
- **Memorandum in Support of Hotel Tax Proposal:** Memo from Michael Bellamy, TVAC Chair, in support of a Farragut hotel tax – with background research.
- **Hotel Tax Information Charts:** Includes charts regarding proposed Farragut hotel tax rates and what this looks like to a hotel visitor, combined lodging tax rates in surrounding area, state tax rates in surrounding states and tax rate considerations for Farragut.

If you have any questions about the packet of information, please call Karen Tindal at 218-3373 or Sue Stuhl at 218-3374.



Visit Farragut Highlights

January - March 2018

- Tourism Coordinator hired (Feb 2018)
- Reviewed NorthStar and Girl on the Roof reports
- Worked with Girl on the Roof and PR/Marketing Coordinator on Visit Farragut microsite
- Researched local, state and regional occupancy tax information
- Connected with Greater Knoxville Hospitality Association and local hotels
- Connected with local businesses to assess needs

April - June 2018

- Met with Dave Jones, TN Department of Tourism, East Division Director
 - Researched charter and by-laws for tourism committee
 - Researched local hotel markets and subscribed to STR reports
 - Launched Visit Farragut website
-
- Completed 1st year of Southeast Tourism Society Marketing College
 - Launched Shop and Dine directories on Visit Farragut
 - Conducted hotel parking lot license plate research
 - Completed Google Analytics training

July - September 2018

- Drafted advisory committee charter
- Facilitated local hotel meeting
- Joined Middle East TN Tourism Council and East TN Economic Council
- Developed Weekend Download from feedback from hotel meetings
- Drafted tourism committee application
- Attended Oak Ridge Sports Tourism presentation; met with Explore Oak Ridge Director
- Presented charter and by-laws at BOMA meeting
- Revised charter and established T/VAC Committee
- 6 month analysis of STR reports
- Attended Governor's Conference on Tourism
- Expanded Weekend Download to Weekly Download and created a downloadable PDF for website

October - December 2018

- Submitted proposal to participate in TN Songwriters Week

- Organized T/VAC committee meeting dates through 2019
- Supported Farragut 13.1 race as Visit Farragut
- Worked with Farragut/West Knoxville Chamber to secure Children's Defense Fund booking for May/June 2019
- Began banner advertising through Visit Knoxville
- Planned and executed 1st T/VAC meeting
- Contracted with P38 for aerial/drone photography of Town and events for tourism advertising purposes
- Secured talent and venue for 1st Songwriters event

January – March 2019

- Updates to Visit Farragut website, including expanded community event calendar
- Planned and Executed FAM tour with T/VAC members and local stakeholders
- Researched use of video for tourism promotion
- Completed analysis of 2018 hotel data from STR
- TV and radio promotion for Songwriters event
- Held 2 Songwriters events in Town
- Coordinated with FBA and Chamber for Children's Defense Fund conference
- Planned for Dogwood Arts luncheon
- Launched This Week videos for weekly Town information

April – June 2019

- Established a recurring TV interview spot on WATE Living East TN monthly
- Farragut patio campaign on social media to promote dining in Farragut
- Completed 2nd year of Southeast Tourism Society Marketing College
- Worked with PR/Marketing Coordinator on area map showcasing Farragut shopping and dining options for Children's Defense Fund conference
- Worked with Design Sensory on development of tourism plan
- Coordinated stuffing and distribution at hotels of 1200 goody bags for Children's Defense Fund conference
- Coordinated with GKHA and FBA on Farragut luncheon at Cotton Eyed Joe
- Recruited Fleet Feet Knoxville to launch of Veteran's Day race to replace Farragut 13.1

July – September 2019

- Worked with Design Sensory on tourism plan presentation for T/VAC committee
- Studied for and attended STR Hotel Analytics training; passed exam; certified CHIA
- Negotiated discounted rate for TN State Vacation Guide
- Worked with PR/Marketing Coordinator on 2020 advertising in TN State Vacation Guide and Visit Knoxville Visitors Guide
- Worked with PR/Marketing Coordinator on update to Visit Farragut logo
- Secured a monthly TV interview segment on WBIR Live at 5 at 4
- Launched Farragut Business Spotlight video series to promote local shopping, dining and attractions in Farragut; 13 businesses; video reach 30K

- **Worked with team at Children's Defense Fund on 2020 bookings**
 - **Coordinated with TN Hospitality Association on BOMA tourism workshop**
 - **Facilitated T/VAC meeting to discuss hotel tax; provided supporting documentation**
 - **Paid digital marketing campaign promoting staying in Farragut during UT football weekends**
 - **Paid digital marketing campaign promoting staying for Garth Brooks concert weekend**
 - **Worked with Media Assistant to write and produce 34 videos promoting events and businesses to residents and visitors**
-

Social Media Platform Growth

- **Visit Farragut Facebook launched July 1 attaining 739 followers by Sept. 30**
- **Visit Farragut Insta transitioned July 1 with 1600 followers - by Sept. 30 there were 1779 an 11.2% increase**
- **34 videos uploaded to Visit Farragut YouTube**



FARRAGUT EVENTS SUPPORTED

**4th of July Parade - Freedom Run
Music Fest at West End
Lawn Chair Concert Series
Sounds of Summer Concert Series
Dog Daze III
Farragut Treasure Hunt
Fun with the Fleet
Free Putt Putt Day
Q, Crafts & Brew**



Local Media Outreach



- **4 appearances on WATE Living East TN**
- **2 appearances on WBIR Live at 5 at 4**
- **arranged live WBIR weather forecast from Dog Daze III**

Hotel Rooms Sold/Occupancy Rates

**July 2019 - 14,127 rooms
74.1% occupancy/\$97.00 ADR**

**August 2019 - 13,593 rooms
71.3% occupancy/\$97.68 ADR**

**Sept 2019 - 12,269 rooms
66.5% occupancy/\$98.34 ADR**



**Visit
Farragut
1st Quarter
Snapshot**

July-Sept 2019



FARRAGUT BUSINESS SPOTLIGHTS

- **Jet's Pizza**
 - **Sweet Retreat**
 - **Shrimp Dock**
 - **BW James Jewelers**
 - **Ricki's Pet Depot**
 - **International Flair Jewelers**
 - **Clean Eatz**
 - **Lace & Glam Bridal Boutique**
 - **McEntire & Mayes Interiors**
 - **Putt-Putt Golf & Games**
 - **The Shoppes at Homespun**
 - **Apple Cake Tea Room**
 - **Elliott's Boots**
- Total
Spotlight
video reach
28K**



DIGITAL MARKETING PAID CAMPAIGNS



Football Shuttle Campaign

6881 views; markets included TN, GA, VA MS, AL, KY, OH, FL; targeted @ UT alumni within driving distance



Garth Brooks Concert Weekend

6205 views; markets included TN, GA, KY, NC, SC; targeted @ country music fans, Garth Brooks fans

Staff Highlights

Tourism Coordinator

28 hours/week; obtained Certification in Hotel Industry Analytics through STR/AHLA

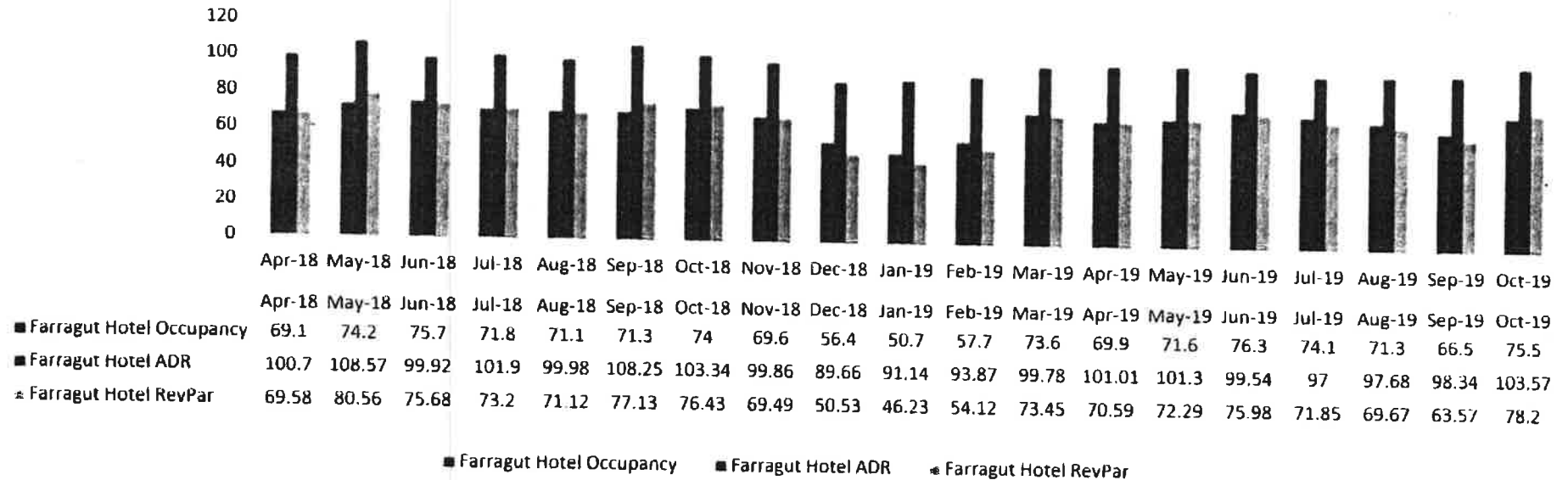
Media Assistant

20 hours/week; attended Search Engine Optimization training and Social Media and Email Marketing webinar



Teamed up to write and produce 34 Town videos promoting events and businesses to residents and visitors

Farragut Hotel Occupancy, ADR and RevPar April 2018 - October 2019



Source: STR Destination Reports for Town of Farragut

Reporting Hotel Data:	Comfort Suites Knoxville West Farragut	85 rooms
	Country Inn & Suites Knoxville West	57 Rooms
	Fairfield Inn & Suites Knoxville West	90 Rooms
	Holiday Inn Express & Suites Knoxville Farragut	79 Rooms
	Clarion West Knoxville	98 Rooms
	Hampton Inn & suites Knoxville Turkey Creek Farragut	105 Rooms
	Staybridge Suites Knoxville West	101 Rooms
		615 Rooms Total Reporting

Visit Farragut Vision, Mission and Budget

Vision: With beautiful community amenities, a wide variety of family-focused attractions and a multitude of hotel, retail and dining options convenient to two major interstates, Visit Farragut engages with visitors by making them feel right at home.

Mission: In partnership with hotels, businesses and community organizations, Visit Farragut markets and promotes Farragut to enhance the economic impact of our area.

Expenditures	Tourism Budget	Capital Expenditures 5+ years
Personnel	\$90,000.00	
Marketing	\$100,000.00	
IT	\$15,000.00	
Professional Support	\$23,500.00	\$10,000.00
Memberships	\$4,400.00	
Events	\$19,500.00	
Trainings/Travel	\$5,000.00	
Promotional	\$15,200.00	
Supplies	\$4,000.00	
Visitors Center		\$375,000.00
Wayfinding plan/signage		\$550,000.00
Reconstruction of diamond field to synthetic rectangular field		1,200,000.00
Totals	\$276,600.00	\$2,135,000.00

Proposed Tax Rate	50% Occupancy	69% Occupancy
1%	\$113,270	\$156,313
1.50%	\$169,905	\$234,469
2%	\$226,540	\$312,625
2.50%	\$283,175	\$390,782
3%	\$339,810	\$468,938
3.50%	\$396,445	\$547,094
4%	\$453,080	\$625,251

Committee members in attendance:

Akshay Hira
Michael Bellamy
Jeanie Stow
Wendy Robinson
Angela Sanders
Julie Blaylock
Alderman, Ron Pinchok
Lincoln Murr
Sue Stuhl
Karen Tindal

- Michael Bellamy called the meeting to order at 8:15 a.m.
- Approval of last meetings minutes
 - Michael - motion
 - Alderman Pinchok – first
 - Jeanie Stow – second
 - Passed
- Tourism Coordinator report presented by Karen Tindal
 - Emailed out prior to the meeting to committee members
 - CHIA certification at STAR
 - Scored 96%
 - Gained a more comprehensive understanding of hotel analytics
 - Learned how to connect with the area hotel industry
 - Striving for more TV appearances
 - Working relationship with local TV for promotion of Farragut events and happenings
 - Arranged live broadcast with Todd Howell (WBIR) for Dog Daze III
 - Working with the media assistant
 - Strong focus on Business Spotlights premiering every Tuesday
 - Angela Sanders thought this had brought in new customers to Jet's Pizza
 - Overall good response on social media
 - Attended the Greater Knoxville Hospitality Lunch
 - They discussed an economic impact report that had been conducted for the state of Tennessee
 - Tourism is the second largest industry in the state
 - All 95 counties saw growth in tourism
 - Hotel tax was brought up
 - See a need especially with small, rural towns to help fund their tourism program
 - Visit Farragut website and social media
 - Working on increasing social media followers and driving them to the website
 - Continually growing and seeing larger reach on social media
 - Conducting paid advertising campaigns
 - Promotional video for the University of Tennessee football games and Farragut shuttle service
 - Will be hosting events at the Clarion Inn and Hampton Inn during football season; volunteers are needed for this event
 - Striving to make visitors want to come here to experience UT sports
- Hotel/Motel Tax Memorandum and Discussion
 - Michael introduced by stating that the General Assembly requires money to go into tourism
 - This clearly defined plan is why he supports it now
 - After this ruling, it is difficult to see how it couldn't help the hotels

- Opened for committee discussion to create the memorandum for the Hotel/Motel tax
 - Michael moved TVAC to approve
 - Angela – second
- Committee Discussion
 - Alderman Pinchok's comments:
 - Kim Bumpas visited and discussed points on this tax
 - Visit Knoxville has a \$4.2 million budget and most comes from the tax
 - The hotels saw an 11-13% increase after this money was added to the tourism budget
 - Attended the November 2017 Charlotte Convention
 - Mike Butts from Visit Charlotte presented
 - They contracted Longwood International to conduct a study and this study showed that for every \$1 there was a \$115 return on investment from the tax
 - Money to be made in using this as a funding outlet
 - Continually studied, researched and discussed at these conferences that it is necessary to have to go after visitors
 - Not just new visitors, but family and friends already coming to visit; targeting current visitors as well
 - This is part of the reason that Outlet Drive was designated as an entertainment corridor
 - He wants to see it go before the Board again for approval; Something they have been looking at for awhile
 - Julia Blaylock's comments:
 - As part of the Chamber, she supports anything that will bring more traffic into the area and help the businesses
 - Difference in percentage didn't matter when she chooses where to stay in her travels
 - Akshay Hira's comments:
 - In favor for the tax, as long as there is a plan, which there seems to be
 - Especially looking forward to it bringing in more tourism to the area
 - Angela's comments:
 - Can't hurt to bring the tax in because it is working to increase tourism to the area
 - Wendy Robinson's comments:
 - Part of why they are on the committee is to bring in more tourism, and this tax would help with that
 - Jeanie's comments:
 - In favor for it, especially from the perspective of helping to bring in entertainment for when her family and friends come to visit
 - Lincoln Murr's comments:
 - In favor of the tax; agrees with prior comments made
- Floor Comments
 - Vice-Mayor Louise Povlin comments:
 - Agreed with Ron, this is something the Board has been at for awhile
 - Believes more education is needed after she attended Governor's Conference last week
 - A workshop would be beneficial
 - Tax percentage does matter, especially with group rates
 - Concerned with Top Golf and not knowing what that will bring in tourism wise
 - Wants the hotels to be able to compete with group rates in the area
 - Hopes the committee is thoughtful in their decision when selecting a percentage
 - Alderman Pinchok questions for her:

- What happens when there is more money needed and the likelihood of it being able to increase?
 - Vice-Mayor Povlin: vote for what she thinks is needed as the current board; just like they have taken on projects, like McFee Park, from prior boards, they will pass this tax onto the next board to adjust as they see fit
- She wants ensure a specific targeted goal with this tax
 - Demonstrate integrity with the hotels
 - Target unique stores and experiences because that is what residents and tourist want
- Steve Krempasky, Shop Farragut
 - Has witnessed throughout his career how the tax helps tourism industry
 - Something to consider is organizations already doing this work and how they fit in, like Dogwood Arts, Shop Farragut, the Chamber
 - Backs up Vice-Mayor Povlin about caution with the percentage
 - Seeing how it works when Top Golf comes in
- Roll-call vote called by Karen in favor of Hotel/Motel tax
 - All voted yes
- Sue Stuhl wanted Karen to go over information in the packets in light of the discussion prior to the percentage being discussed
- Discussion prior to tax percentage motion
 - Michael stated that Design Sensory had recommended a 4% tax
 - This is based on the need for the tourism program to grow
 - He did share the concern of not taking corporate businesses away and still competing with close areas, like Cedar Bluff
 - Angela
 - Traveled a lot when her kids played sports and never paid attention to the hotel tax; focused on the amenities of the area and safety, not how much more the taxes were
 - Akshay
 - Asked where the visitors center discussed by Karen would be going
 - Sue answered: It is undecided; the Campbell Station Inn has been discussed
 - Alderman Pinchok added: discussed refurbishing the Inn for the Farragut Museum to move there and build additional buildings on the property that could be used as a visitors center
- Michael motioned to recommend a 3% Hotel/Motel Tax to the Board of Mayor and Alderman
 - Angela – second
- Discussion opened after motion for the tax percentage
 - Akshay's comments:
 - Good budget, but would like more data behind it
 - More comfortable with a 1.5-2% tax
 - Knowledge of what else draws visitors to the area and a more detailed plan
 - Julia's comments:
 - Agrees with tax
 - Thinks Karen has done a great job with a very small budget and short period of time
 - More you have the more you can do
 - Would like to see more data involving group rates like Children's Defense Fund
 - Akshay did comment that CDF is tax free
 - Julia wanted more data and case studies on groups
 - Would like to stay competitive with Knoxville and would prefer a 2% tax
 - Jeanie's comments:
 - Felt that going for 3% right out of the gate would be too strong; more comfortable with 2%
 - Felt 2% would be more reasonable
 - Does want to ensure entertainment comes in and diverse entertainment like a music venue

- Wendy's comments:
 - Agrees with the percentage; more comfortable with this to ensure future funding
 - Feels that access funds will help when it is time for wayfinding and visitor's center
 - Thinks the visitors center, especially to make it interactive, will have a large technology cost
- Angie's comments:
 - Agrees with 3%
 - Doesn't feel anyone would notice the tax because it is something people are just used to having to pay when booking hotel rooms
- Alderman Pinchok's comments:
 - Board needs 4/5 majority vote for it to pass
 - Believes it is better to go higher and reduce it later than vice versa
- Floor discussion on the percentage motion:
 - Steve, Shop Farragut, comments:
 - Need to think about up front cost that will eat up budget quickly, like wayfinding
 - Time sensitive issues that will be expensive in the initial tourism budget
 - Need the pool of money to help with growing expenses
 - Vice-Mayor Povlin's comments:
 - Wants committee to understand this is a marketing fund; not revenue
 - You set marketing funds based on budget
 - Wayfinding will come much later on; there will have to be case studies done before it is even started
 - Nothing planned for Campbell Station Inn for the next five years
 - Doesn't want the tax rate based on surround; wants it based on budget
 - Thinks 2% is a great place to start.
 - Michael added that he did base the 3% on Design Sensory's recommendation and budget
 - Mayor Ron Williams's comments:
 - Wants tourism to support itself
 - Set budget based on its operating expense
 - The point of having reserves to do the upcoming large expenses is important so the tourism doesn't have to keep coming around to the Town for large projects
 - Visitors center makes sense
 - It is important for each town to have one
 - Something he always uses when he is traveling
 - Vice-Mayor Povlin's response to Mayor Williams comments
 - Agree with Mayor that reserves are good
 - Wants it to be a targeted focus with a specific purpose and budget
- Michael made the motion for 3% to vote on it
 - Roll call vote for the 3% tax
 - Yes: Michael Bellamy, Wendy Robinson, Angela Sanders and Alderman Ron Pinchok
 - No: Akshay Hira, Jeanine Stow and Julie Blaylock
- Undetermined when it will go to the Board
- Karen asked for volunteers to email her if they were available to work one of the football events
 - First event: October 4 or 5
 - Second event: November 1 or 2
- Next meeting (Tuesday, November 19) they will vote on new vice chair
 - Christine stepped down due to time conflict with her job
- Michael moved to adjourn the meeting
 - Angela seconded

MEMORANDUM IN SUPPORT OF HOTEL TAX PROPOSAL

STATEMENT OF FACTS

Tennessee State House Bill 1492 and Tennessee Senate Bill 1503, collectively allowing Farragut to levy a Hotel Tax, was passed by the Tennessee General Assembly in 2018.¹ Governor Haslam signed the Bill into law on April 18th, 2018.² If approved by the Farragut Board of Mayor and Alderman, the bill would allow a tax to be levied on hotel/motel patrons not to exceed four (4) percent.³ Mayor Ron Williams, Vice Mayor Louise Povlin, and Alderman Ron Pinchok have all supported approving the tax.⁴ Louise Povlin summarized the bill in 2018 by stating,

“One area we have not capitalized on in the past is with regard to the nine hotels in our Town. Hotel visitors produce secondary economic effects on the broader economy. We have started a tourism program and have hired a coordinator to work directly with the hotels. The intention is to gain a better understanding of the reasons visitors stay in Farragut and put into place programs and infrastructure to support attracting visitors to our hotels. Traditionally, a hotel/motel tax is used to fund that effort. The option to adopt a hotel/motel tax in the Town of Farragut is now available to us.”⁵

In recent years, the General Assembly has reduced Farragut’s revenue stream by phasing out the Hall Tax and reducing the tax on food.⁶ Town Administrator David Smoak has also suggested a hotel tax as an avenue for closing this gap.⁷ The hotel tax has a long history with the Farragut Board of Mayor and Alderman. An ordinance to add a three (3) percent hotel/motel tax passed first reading with the Board in a 4 to 1 vote on April 25, 2013.⁸ The second reading resulted in tabling of the ordinance until more discussion about how the tax revenue would be used.⁹ Jill Thomas, executive director of the Greater Knoxville Hospitality Association at that time, stated the real issue with implementing a hotel tax should *not* be based on how the revenue is used, but rather, if the tax will result in a net gain for the town or result in a net loss to local restaurants and shops.¹⁰

¹ <https://www.farragutpress.com/articles/2018/04/7246>

² Report to the Board of Mayor and Alderman, May 10, 2018 (by David Smoak)

³ <https://www.farragutpress.com/articles/2018/04/7246>

⁴ <https://www.farragutpress.com/articles/2018/04/7246>

⁵ <https://www.farragutpress.com/articles/2018/04/7246>

⁶ <https://www.farragutpress.com/articles/2017/08/6513>

⁷ <https://www.farragutpress.com/articles/2017/08/6513>

⁸ <http://archive.knoxnews.com/business/vote-on-farragut-hotel-tax-canceled-ep-358228624-355822311.html/>

⁹ <http://archive.knoxnews.com/business/vote-on-farragut-hotel-tax-canceled-ep-358228624-355822311.html/>

¹⁰ <http://archive.knoxnews.com/business/vote-on-farragut-hotel-tax-canceled-ep-358228624-355822311.html/>

(emphasis added)

The hotel tax was revisited again on April 26, 2018. At first reading, Louise Povlin motioned for the Board to approve Ordinance 2018-04 setting a hotel tax rate of 2.5%, the motion was seconded by Ron Williams and passed with a 4 to 1 margin.¹¹ The published Agenda for the Board of Mayor and Alderman meeting on May 10, 2018 stated a second reading and vote on 18-04 was set to take place. Ordinance 18-04 ultimately failed passage by the Board.

ISSUES PRESENTED

- **Expenditures increasing with a budget that is decreasing.** In recent years Farragut has experienced decreasing revenue from legislative acts of the General Assembly. In 2019, this revenue reduction has been exacerbated by the acute diversion of budget money to make emergency storm water drain repairs. Given the decreasing budget, can Farragut provide its vision of growth without additional revenue?
- **Reaping the rewards.** The Township provides many amenities that entice patrons to stay at Farragut hotels. In addition, Farragut provides a tourism coordinator, tourism marketing, and a tourism committee dedicated to increasing tourism and the occupancy rate of local hotels. Is it reasonable for hotel owners to argue against a nominal tax that would fund programs and infrastructure to support attracting visitors to Farragut hotels?

DISCUSSION

1. Expenditures increasing with a budget that is decreasing

The Board of Mayor and Alderman is now in a position of making very difficult decisions between growth and budgeting for unknown emergency storm water repairs.¹² Amenities desired by Farragut residents are being placed on hold or downsized due to unknown future budget demands. In addition, the General Assembly recently passed legislation to phase out the Hall Tax which is a large part of Farragut's budget.¹³

Farragut recently hired Karen Tindal as a part time tourism coordinator to increase tourism and ultimately revenue to Farragut. This demonstrates the current Board's leadership by anticipating and finding new revenue sources before considering alternatives such as a property

¹¹ Farragut Board of Mayor and Alderman Minutes, April 26, 2018

¹² <https://www.farragutpress.com/articles/2019/04/8322>

¹³ <https://www.farragutpress.com/articles/2017/08/6513>

tax. Mrs. Tindal has already increased tourism in Farragut by focusing on music and song writing venues. All of her accomplishments, however, have occurred with a very small budget and part time hours. Farragut's current tourism efforts do not include many common marketing strategies due to being cost prohibitive. A hotel tax would allow tourism advertising about Farragut venues that may increase overnight stays in our local hotels. Former Visit Knoxville Vice President and Design Sensory representative Mary Blair strongly supports a Farragut Hotel Tax giving Farragut the ability to invest in tourism.¹⁴

2. Reaping the rewards

Recent data shows a portion of local hotel occupancy comes from corporate customers working or visiting Oak Ridge Laboratory. The amenities offered by Farragut such as Turkey Creek shopping, restaurants and parks are "asset drivers" corporate visitors prefer.¹⁵ This closely correlates with data obtained by Ron Pinchok in 2017 suggesting Farragut hotels actually enjoy a premium daily rate 15% to 18% higher than surrounding hotels due to location.¹⁶ It also demonstrates how strong patron demand accommodates nine hotels in Farragut.

CONCLUSION

The Tourism and Visitor Committee should support a hotel tax proposal to the Board of Mayor and Alderman that would enable funding for Farragut to study and market tourism. It is illogical for hotel owners to argue against a small tax that may increase occupancy rates that more than offset an increase in average daily rates. Especially if Farragut's hotel tax is kept lower than hotel taxes at Cedar Bluff road and Lenoir City hotels.

Respectfully submitted,

Michael Bellamy, Tourism and Visitor Committee Chair

¹⁴ Design Sensory Presentation 7/16/2019

¹⁵ Design Sensory Presentation 7/16/2019

¹⁶ <https://www.farragutpress.com/articles/2017/08/6513>



Town of Farragut, Tennessee

Hotel Tax Information Charts

2018 Average Farragut Hotel Occupancy = 69.86%

2018 Average Daily Rate at Farragut Hotels = \$100.92

ADR X 365 days per year = \$36,835 X 615 hotel rooms reported above =

\$22,654,017 X Average Occupancy of 69% = \$15,631,271

ADR X 365 days per year = \$36,835 X 615 hotel rooms reported above =

\$22,654,017 X Average Occupancy of 50% = \$11,327,008

If a hotel tax was implemented by Town of Farragut hotel tax revenue could be:

Proposed Tax Rate	69% Occupancy (\$15,631,271)	50% Occupancy (\$11,327,008)
1%	\$156,312.71	\$113,270.08
1.5%	\$234,469.06	\$169,905.12
2%	\$312,625.42	\$226,540.16
2.5%	\$390,781.78	\$283,175.20
3%	\$468,938.13	\$339,810.24
3.5%	\$547,094.49	\$396,445.28
4%	\$625,250.84	\$453,080.32

What does this look like to the hotel visitor?

Proposed Tax Rate	@ADR \$100.92	@ADR \$89 (lowest ADR in 2018)
1%	\$1 added to their bill per room/per day	\$0.89 added to their bill per room/per day
1.5%	\$1.50 added to their bill per room/per day	\$1.33 added to their bill per room/per day
2%	\$2 added to their bill per room/per day	\$1.78 added to their bill per room/per day
2.5%	\$2.50 added to their bill per room/per day	\$2.25 added to their bill per room/per day
3%	\$3 added to their bill per room/per day	\$2.67 added to their bill per room/per day
3.5%	\$3.50 added to their bill per room/per day	\$3.12 added to their bill per room/per day
4%	\$4 added to their bill per room/per day	\$3.56 added to their bill per room/per day

*based on monthly STR Destination reports for Farragut, TN 2018



Surrounding Area Combined Lodging Tax Rates

County	City	Sales State	Tax County	Rate City	Lodging Tax County	Rate City	Total Tax Rate
Anderson	(except Clinton, Oak Ridge, Oliver Springs, Rocky Top)	7%	2.75%		5%		14.75%
Anderson	Clinton	7%	2.75%		5%	3%	17.75%
Anderson	Oak Ridge	7%	2.75%			5%	14.75%
Blount	(except Alcoa, Maryville)	7%	2.75%		5%		14.75%
Blount	Alcoa	7%	2.75%		5%	1%	15.75%
Blount	Maryville	7%	2.75%		5%	1%	15.75%
Hamilton	Chattanooga	7%	2.25%		4%	4%	17.25%
Knox	(Except Knoxville)	7%	2.25%		5%		14.25%
Knox	Knoxville	7%	2.25%		5%	3%	17.25%
Loudon	(Except Lenoir City, Loudon)	7%	2.00%		5%		14.00%
Loudon	Lenoir City	7%	2.00%		5%	5%	19.00%
Loudon	Loudon	7%	2.00%	0.50%	5%		14.50%
Roane	(except Kingston, Oak Ridge, Oliver Springs)	7%	2.50%		5%		14.50%
Roane	Kingston	7%	2.50%		5%	5%	19.50%
Roane	Oak Ridge	7%	2.50%	0.25%	5%		14.75%
Roane	Oliver Springs	7%	2.50%	0.25%		5%	14.75%
Roane	Harriman	7%	2.00%	0.50%		7%	16.50%

*source: https://www.tn.gov/content/dam/tn/tac/commission_meetings/2015-october/2015OctoberTab6HotelMotelTaxAppC.pdf



Tax Rate Considerations for Farragut

Tax rate considered	Resulting Total Tax Rate
1%	15.25%
1.5%	15.75%
2%	16.25%
2.5%	16.75%
3%	17.25%
3.5%	17.75%
4%	18.25%

City of Knoxville Tax Rate 17.25%

Lenoir City Tax Rate 19%

Oak Ridge Tax Rate 14.75%

Knox County (except for Knoxville) 14.25%



Don't take notes

Surrounding State Tax Rates

City or County	Lodging Tax Rate
AL-Montgomery	14.00%
AL-Mobile	14.00%
AL-Birmingham	17.50%
AL-Huntsville	13.00%
AL-Tuscaloosa	15.00%
GA-Atlanta	16.00%
GA-Savannah	13.00%
GA-Gwinnett County	13.00%
KY-Lexington/Fayette County	13.00%
KY-Louisville-Jefferson County	15.50%
NC-Charlotte	15.25%
NC-Asheville	13.00%
NC-Raleigh	12.75%
NC-Greensboro	12.75%
VA-Virginia Beach	14.00%
VA-Chesapeake	14.00%
VA-Newport News	13.50%
VA-Arlington	13.00%
VA-Norfolk	14.00%