Date: May 11, 2018  
Time: 9:30 am  
Location: TPD LEC, 320 S. Kansas Ave., Classroom A  

Attendance  
Committee Members Present: Tony Emerson, Aaron Mays, Michael Lesser  
City Staff Present: Nickie Lee, Finance Director  

1) Call to Order  
Councilmember Emerson called the meeting to order.  

2) Approve Minutes from March 8, 2018 meeting  
Councilmember Emerson proposed change to strike reference in item 4 of the March 8 minutes which states that 7% of the City’s budget is allocated to the TGT Fund. Councilmember Lesser made a motion to approve the minutes as amended. Councilmember Mays seconded the motion. The minutes were approved as amended 3:0.  

3) Update from Visit Topeka  
Brett Oetting with Visit Topeka, presented committee members with a report for a projected budget for 2018 spending. Mr. Oetting provided committee members with a spreadsheet for reference and noted a couple of main points that are reflected on that sheet. First, Visit Topeka is projecting an increase in City spending and hotel spending in 2018. A trend of annual increase has shown over the past seven years and Mr. Oetting feels that 2019 will continue as well with that growth trend. The second point Mr. Oetting made was in regard to how Visit Topeka spends their annual TGT Funds. Promoting the City of Topeka, 72% is spent on marketing, 15% on operations and the remainder on sales. After a brief explanation, Brett asked for questions. The committee had no further questions.  

4) Constitution Hall Request  
Grant Glenn, President of the Board of Directors of the Friends of the Free State Capitol, which owns Constitution Hall. Mr. Glenn spoke to the committee to request grant allocation. Have received two outside grants, one of those grants will help pay for part of the restoration to
the building’s façade. Both grants however, have a stipulation that requires repair outer façade of building to begin within the next 12 months. Invited committee members to tour Constitution Hall, noting it is the oldest building in Topeka. It was part of the Underground Railroad. To sum up, all projects tie together and they are asking the committee for flexibility within the budget to spend roughly 1/2 of allotment on fixing the façade. Councilmember Emerson inquired about the funding that was received in 2016 was $98,561 from TGT funds and if the request is to use all of that funding in the proposed project. Mr. Glenn noted that the request is to use about half of that funding to fix the building’s façade. Nickie Lee clarified how the funding would need to be spent. In original development agreement, it was specified that if an organization wanted to utilize the funding in a different way than was specified, they would need to make a request with the TGT Committee and ultimately with the Governing Body. In the original agreement for Constitution Hall, the predevelopment phase was limited to 15% and there were specific guidelines as to how that would be spent. They are still spending what is in their budget, however are asking to change some of the requirements in spending.

Mary Feighny noted similarity to the Jayhawk Theater changes. A resolution was drafted that authorized the change in the budget as well as giving authorization to the City’s Legal Department to make an amendment to the Development Agreement that would then go back to the Governing Body for the ultimate approval. Committee members were given a draft of the amended resolution, and if agreed upon, would approve a motion to send the resolution to the Governing Body. If the Governing Body approved the motion for the resolution, it would then be amended and sent back once more to the Governing Body for a final approval.

Councilmember Emerson discussed with Mary Feighny as to the timeline of the committee coming to decision with making a motion. Nickie Lee answered that the need for an immediate decision was more for agenda item five, however that it seemed an answer from the committee and Governing Body that was made sooner rather than later would be needed for the other grant requirements and timelines that Constitution Hall had.
Councilmember Lesser inquired that the resolution only applied to the amended resolution presented and not to any other resolutions that may be part of other resolutions. Mary confirmed.

Councilmember Mays made a motion to approve the request for the proposed resolution to be recommended to the Governing Body. Councilmember Lesser seconded. Motion approved 3:0.

5) Review 2019 Proposed TGT Budget
Nickie Lee introduced the proposed draft of the 2019 Transient Guest Tax Budget. At the March 8th meeting, Nickie Lee gave a brief introduction as to what was covered within the TGT Budget.

A copy of the preliminary 2019 budget was provided to committee members as well as public attendees.

Nickie Lee noted the following main points:

- With the TGT budget line, when revenue is received it is allocated to the organizations based on the individual agreements. It is the goal to keep this line number at zero. As money comes in, it is the goal of the City to give those funds to the recipients.
- Revenue is separated out by a 5% Base, 1% Sunflower Soccer and 1% Special Projects. An increase is projected for 2019 revenue. If revenue from hotels and beat the projections, City staff will return to the Committee to request an amendment to the original projection.
- Looking under the Expenditures line item, the TGT Base can be spent however the state statute allows, which is very broad. The main funding source typically is the travel/tourism organization. Visit Topeka receives the bulk, about 80%, of the 5% base. This is standard practice for most cities to provide allocation to the convention and visitors bureaus and is recommended to continue.
- There is a small decrease in funding that amounts to a little less than 10%, which would be removed from Visit Topeka’s Bid Fund, to support a new item, Downtown Support.
- Increased future need to support special events and need to increase security. The topic of downtown security has become an expectation that there will be an increased need for security. As it stands, these funds would be absorbed by the General Fund unless the preliminary proposal was accepted. Emergency Services track the amount of money that is spent from their budget to allot for downtown special events. This funding will
support some of these expenditures without having to spend the money from the general fund, or without requiring a raise in public taxes. The allocation will change the amount that other recipients receive.

- **Sunflower Soccer:** each year, there are excess funds annually within the SSA 1%, and these excesses go toward paying down the special assessments for the projects completed at the complex. If the association does not add to their projects and revenue continues to be received, the balance will grow and remain allocated to Sunflower Soccer Association.

- **Nickie Lee** spoke about the other allocations. Councilmember Emerson noted that not all are tracked and inquired as to if that was due to the amount being spent annually versus what was allocated. Nickie Lee noted that some of what is being seen is due to timing. The Governing Body approved 2016 funds late in the year, so items such as the Evil Knievel museum and the Downtown Plaza received a lump sum of funds that covered 2016 and 2017. The 2016 funds were being collected but were not approved to be allocated until later in the year.

- As each group gets going with construction, the quarterly reports should even back out. Timing was an issue.

- Councilmember Emerson invited guests to speak.

**Kurt Young,** Executive Director with the Topeka Lodging Association (TLA) introduced himself to the committee. Mr. Young noted that prior to 2012, TGT funding was unorganized and was not very productive. He appreciates the work that has been done since that time. He noted that by increasing the TGT revenues, then we will see an increase in sales tax revenue as well as the economic impact of the travelers to our City. Mr. Young is not in favor of using TGT Funding to move into support operations. TLA committed about $7.5 - $8 million dollars to support Downtown Plaza. To summarize, Mr. Young feels there are many areas that the City will be the recipient of the reward from increased sales tax revenue. He is asking to leave the TGT funds as they are so that continued efforts in marketing the city can continue.

**Brett Oetting** with Visit Topeka spoke to the committee. There is a similarity of Visit Topeka to an investment company. Funding has been cut from Visit Topeka in the Bid fund the past three years. Taking money from Visit Topeka will result in three things: Loss in revenue, inability to create revenue for the city and thirdly, decrease in the quality of life for the community. Mr. Oetting provided committee members with the 2017 Bid Fund which shows a 5:1 Return
on Investment. If the proposed $50,000 is removed from Visit Topeka, that will amount to two-thirds of the revenue that Visit Topeka brought in as revenue for the city. Another idea was to remove money from the operating fund. A study was done two years ago by an outside consultant who found that 61% of all the business that comes into Topeka are leisure and group travelers. Of all of the money that came into Topeka in 2017, the 61% amounts to $27 million or $2.5 million in sales taxes. The money brought into Topeka for travel and tourism in 2017 is more than that Topeka Police Department has in their annual operating budget. The same amount is also almost more than the Topeka Fire Department annual operating budget. Mr. Oetting noted that example as one perspective to look at.

Mr. Oetting spoke next about decreases. Topeka is not a huge tourism destination, however gave example about San Diego. Visit Topeka is not set up to hoard money, as funds come in, 100% of that money is spent on marketing, operations, and festivals and events. Events would have to be cut in order to try to recover costs from the $50,000 cut.

Councilmember Mays Inquired as to the reason the bid fund is separate from the main budget. In 2010/2011, the Bid fund was created as a separate account from the main budget. The Visit Topeka Board votes on how to use that money. With the operating budget, the Board votes to approve it, however Visit Topeka staff is able to spend it as they go. With the Bid Fund, research is conducted to give an idea of what the economic impact might be for Topeka, and the Board then votes on it.

Kurt Young added that another reason the bid fund was set up to compete with other events. In summary, Visit Topeka dollars are as scrutinized as any other Topeka tax dollar. There is a proven ROI for that money. It is an investment into the community.

Councilmember Emerson inquired about the nation-wide formula that Visit Topeka uses, and if it is adjusted to reflect the Midwest. Brett noted that it reflects a 5 state area in the Midwest: Nebraska, Iowa, Kansas, Missouri and Oklahoma. Councilmember Emerson inquired with Nickie Lee as to what the amount of the general fund is allocated to this. Nickie Lee noted that it is 1%.
Nickie Lee noted that the immediacy of this meeting is to put today’s recommendations into the proposed budget. The decisions that are made regarding the TGT budget will directly reflect what happens to the City’s main budget. There are a lot of decision points in regard to the budget that are coming up soon.

Councilmember Lesser inquired about Sunflower Soccer funding and why it was $274k and is now $361k. Funding has remained about the same, however the expenses have varied. To date, the only approved project has been what they have already finished. We are paying down their special assessments. There is a difference that can be seen between the revenues that are being received and the specials that the City is paying. The City has fully loaded the SSA budget with expectation that they will come back to the TGT committee and get another project approved. If this project growth does not occur, SSA will spend the same amount in 2018, which will be less than projected.

Councilmember Lesser is not in support of pulling $50,000 from the Visit Topeka Bid Fund. He is in support of looking at other area within the City’s general budget. Councilmember Mays is in agreement with Councilmember Lesser. Councilmember Emerson noted support for how Visit Topeka allocates their allotted money.

Councilmember Emerson made a motion to approve the 2019 proposed TGT Budget with amendment to not move the $50,000 from the Visit Topeka Bid Fund. Councilmember Lesser seconded the motion. 3:0 passes.

6) Other Items Before Committee
Councilmember Emerson inquired about an update from Sunflower Soccer. Nickie Lee updated the committee that SSA staff would be happy to speak to the committee again at the next scheduled TGT committee meeting.

7) Adjournment
Meeting was adjourned.

The video of this meeting can be viewed at: https://youtu.be/Aw_vvwyRzcw