



CITY OF TOPEKA

CITY COUNCIL COMMITTEE
MEETING MINUTES

TRANSIENT GUEST TAX COMMITTEE

CITY COUNCIL
City Hall, 215 SE 7th Street, Suite 255
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Date: March 3, 2023

Time: 1:00pm

Location: Classroom A; Law Enforcement Center 320 S. Kansas Ave
(virtual option also available)

Committee members present: Councilmembers Sylvia Ortiz, Spencer Duncan, Michelle Hoferer

City staff present: Freddy Mawyin (CFO), Rachele Mathews (Deputy Director Finance), Adam Vaughn, Mary Feighny (Deputy City Attorney), Kristin Moorhead, Brad DeMers

1) Call to Order

Committee member Ortiz called the meeting to order at 1:00pm.

2) Elect Committee Chair

Committee member Ortiz nominated Committee member Duncan to serve as the 2023 TGT Committee Chair, and Committee member Hoferer seconded.

Committee member Duncan accepted the nomination and will serve as Chair for the duration of the year. 3-0-0.

3) 2022 4th Quarter Report

Chairman Duncan called on Freddy Mawyin, the new Chief Financial Officer who introduced himself. He stated he looked forward to the robust conversation regarding the 4th Quarter reports as well as recommendations for the Governing Body into the distribution to the Evil Knievel remaining funds.

CFO Mawyin gave a description of what the Transient Guest Tax (TGT) was and presented 4th Quarter reports.

Presentation Highlights:

- TGT is a tax levy on the gross rental sales in lodging or sleeping accommodations, such as hotels.
- The current TGT rate in Topeka is 7%. This helps fund three different strategies.
 - 5% - TGT Base fund
 - 1% - Sunflower Soccer Association

- 1% - Special Projects
- The presentation will look a little further into the 1% for Special Projects.
- In 2015, a Resolution was adopted by the Governing Body, based off of a recommendation from the TGT Committee, to distribute the 1% Special Project fund for twelve (12) years toward four (4) unique projects in an amount not to exceed a total of \$4,770,000. The four projects selected were:
 - Constitution Hall - total funding of \$355K
 - In Q4 of 2022, the City distributed \$7,828 (\$29,478 total in 2022)
 - 52% of all of those funds has been distributed - totaling \$185,847
 - This leaves \$169K remaining
 - The organization's Q4 report mentions the architectural designs will proceed with the construction drawing for the elevators and other essential Public Access features.
 - Evergy Plaza - total funding of \$3,435,000
 - In Q4 of 2022, the City distributed \$75,744 (\$285,246 total in 2022)
 - Out of the \$3,435,000 total budget, 52% of those funds have already been distributed.
 - The Evergy Plaza continues internal and external events, regardless of the weather.
 - Operated an ice rink from November 2022 - January 2023. This brought in a large increase of participation from both within Topeka/Shawnee County residents and many different counties within the state, and outside of the state.
 - Jayhawk Theatre - total funding of \$680K
 - In Q4 of 2022, the City distributed \$14,994 (\$56,468 total in 2022)
 - Out of the \$680K total budget, 52% of those funds have been distributed.
 - Funds have been used to restore part of the Theatre's foundation in the alley, along the east auditorium wall. The project is being coordinated with the City's Public Works Director.
 - Funds have also been used to pay for architectural and engineering design fees, as well as for a portion of the construction.
 - Evil Knievel Museum - total funding of \$300K - There will be additional conversation regarding this entity at the next meeting.

Questions/Comments:

- Committee member Ortiz inquired about figures relating to Evel Knievel. Adam Vaughn, Budget Manager, explained that, for the City, the “\$43K of available money undistributed” refers to money from the total 1% collection for the Special Projects, which had been set aside for Evel Knievel prior to the City ending the distribution to them. There is a difference in figures between what has been distributed to Evel Knievel already and what is remaining and has not been distributed. Chairman Duncan responded that, when Evel Knievel announced they would be leaving Topeka last year, he and another Councilmember met with them to ask how they would want to proceed. The museum stated it was their preference to not receive any additional disbursements. After that discussion, the City held that money for them, but did not send the payment to them.

CFO Mawyin explained that the \$43K is funds that the City has remaining. These funds and how they might be distributed will be further discussed at the next Committee meeting. This discussion will include the creation of a recommendation by staff and the committee to the Governing Body for where to reallocate the \$43K funds.

- Committee member Hoferer inquired as to how many years are left on the contract, out of the original 12 years? There are five years left on the contract, including this year.

Committee member Hoferer then inquired if the City would be required to distribute those remaining funds to the other current recipients, or if it could be designated to a new recipient? CFO Mawyin stated the remaining \$43K could be distributed however the Committee and Governing Body felt was best. It could go to an organization, or to a project, for example.

- Chairman Duncan stated he would like to go through the three remaining contracts to review the language and agreements. The way the current contracts are structured, they are only allotted a set amount of disbursements each year; and that if the City does not have those funds to provide, those disbursements will fall short. He would like to ask staff to go back and review what the amounts would be to “make them whole”, up to this date and if it is feasible to pay those amounts at this time.

- Chairman Duncan commented that the way these current contracts were written up in such a way that states if the City would have “excess” funds in a year, the City would remit that pool of money and split it evenly back to those groups, and the obligation could be met in 10 years instead of 12 years. He would like to have a conversation with these three groups, and staff, about changing the contracts back to the old form. To allow the City to make them whole, and if the City has overflow, as it comes up, to have the ability to put the excesses toward other groups. He requested for staff to bring back draft contracts with such language inserted and to update the Committee on whether this suggestion is feasible.

4) Evel Knievel Museum - Redistribution of Funds

Chairman Duncan has had numerous conversations with the museum. He stated they have met every obligation the City asked of them on the front end. However, he did have a conversation with them to discuss possible actions for what to do with remaining funds if they were not going to be able to meet the length of the 12 years, that there might be an interest of the City to put the remainder of funds back out into circulation. The museum staff felt this was appropriate and, as of early 2022, agreed to have the City stop sending payments. This accounts for the \$43K. They also released the obligation of the contract to the City for the remaining, roughly \$142K for the next five years based on projections and similar contracts of the other organizations. The Committee will be tasked with reviewing possible recommendations to move forward to the Governing Body to include how and who to give this money to. He did not have a specific idea for today, but wanted to get the information out for the public and other committee members so everyone could begin thinking of how to move forward with this.

Chairman Duncan stated he was open to any process or considerations. He would have a preference that whatever process is decided on, that the money would be put toward infrastructure or developmental projects as opposed to operational dollars.

Committee member Ortiz noted she has not served on this committee for a number of years, and knows the process has changed. She inquired if there were other applications that did not get approved or awarded back when this current process began? CFO Mawyin stated there had originally been 14 applicants, 10 of which did not get approved. The funding requests totaled about \$15M. The Committee, at that time, selected the four current projects, which totaled under

\$4.8M. The request had been for \$10M and was denied for projects in total because of lack of funds.

Committee member Ortiz would still like to have the Committee review the original list to see if there may be a new opportunity now.

Chairman Duncan stated the Committee would be considering what to do with the full \$186K over the amount of the next five years, but noted that \$43K of that would be available immediately. This could be shared among several groups.

Committee member Ortiz stated it would be her suggestion that, if no other group could be identified as a new recipient for these funds, that the money be split amongst the remaining three organizations.

CFO Mawyin provided some additional information. In 2015, the Committee made the current selection through a very lengthy process, where they were asking the organizations to apply for this grant. Fourteen organizations applied and the majority were not selected because some of their criteria, which the TGT Funding Review Board had set included the following:

- Quantifying review on investment
- Increasing TGT dollars
- Define a plan and project in the urgency
- Availability of funds from other sources
- Diversification of the projects

CFO Mawyin stated that he could share the original applications from 2015, as well as the reasoning that was provided for why the ten were denied. He noted that some of these needs may have shifted in the time since, or perhaps these organizations will have been able to identify a new project that would better fit into the parameters. Chairman Duncan felt the list would provide a starting point.

5) Other

Grant Glenn, Constitution Hall provided comments.

Kurt Young, Topeka Lodging Association & Downtown Topeka Foundation, provided comments.

Sean Dixon, Visit Topeka, provided comments.

Joann Morrell, Jayhawk Theater, provided comments.

Chairman Duncan reminded Committee members that they had received a report from Visit Topeka, and that the report was in their agenda packets should they wish to look it over.

6) Adjourn

Chairman Duncan stated the Committee would be meeting again in April. The meeting was adjourned at 1:54pm.

Meeting video can be viewed at: <https://youtu.be/fgvddfainQQ>