



FOR IMMEDIATE RELEASE

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**CITY OF NEWPORT
HOLDING PUBLIC HEARING ON A
FIVE PERCENT PREPARED FOOD/BEVERAGE TAX**

Over the past three years, the City of Newport's elected and volunteer leadership has been looking for ways to address upcoming budget shortfalls and preserve the level of services that residents and visitors are accustomed to receiving. One of the pieces in that puzzle is the possibility of a five-percent tax on prepared food and beverages - levied directly on the consumers. The Newport City Council will be holding a public hearing to decide whether to put this matter on the November 2021 or May 2022 ballot.

That hearing is scheduled for Monday, July 19, 2021, at 6:00 P.M., in the City Council Chambers of the Newport City Hall, 169 SW Coast Highway. The agenda will be accessible on the City of Newport's website at www.newportoregon.gov at the close of business on July 15.

The city's Finance Work Group spent three years developing a proposed system for protecting the city's long-range financial condition. This work included identifying options to address the structural deficit in the city's General Fund by reducing expenditures and/or increasing revenues; and developing a Five-Year Financial Plan for the city to achieve financial sustainability. The City Council approved this Plan on March 1, 2021, and a link to the Plan is on the City of Newport website home page at www.newportoregon.gov. This new assessment is a key part of that plan, because it corrects a disparity that currently exists in our local system. Though the city serves around 10,000 residents, we have increased stress on city systems and facilities from a large influx of visitors. Newport,

which has a population of approximately 10,000, is stretched to meet the needs of 30,000 people inside the city limits at any given time during peak tourism season. This tax would help ensure that visitors are shouldering a portion of the burden to preserve our city's quality of life, which they enjoy as much as our residents.

Work group planning included determining how to properly maintain the 48 public structures and facilities supported by the General Fund, such as the Library, Performing Arts Center, Visual Arts Center, Recreation Center, 60+ Center, numerous parks and trails, fire stations, City Hall, the airport, public restrooms, and other key facilities, and how to meet public safety needs in a community highly impacted by tourism. These are many of the amenities that make Newport such a wonderful community for those who live, work, and play here. Many of the city's facilities currently require significant investments to lengthen their lifespans and reinforce their ability to serve residents and visitors for many years to come. Currently, there is a significant gap between available resources and the estimated costs to replace roofs, windows and siding, as well as complete the interior maintenance that these buildings need.

The Finance Work Group reviewed options to address these issues. The first step was a series of budget cuts designed to improve efficiency and maximize the city's ability to do more with less. Part of that effort included eliminating 22 full-time-equivalent positions, effective July 1, 2020, as well as a mandatory furlough of 12 days for all non-represented employees. After reviewing cost-saving opportunities, the work group focused on revenue options that would distribute the burden more fairly between visitors and residents using city services. Instead of resorting to special tax levies, public safety fees, and other charges on utility bills to meet needs, the work group recommended focusing on ways to draw revenues from the actual users of the infrastructure.

Instead of recommending closures of city facilities, a general tax increase, or an assessment to residents and business owners, the work group recommended that the city consider a prepared food and beverage tax to fund maintenance and improvements to facilities that make our community special, like the Performing Arts Center, clean up and improvement of parks and other public spaces, as well as increasing staffing for the Police and Fire Departments to adequately respond to community needs. The prepared food tax, if approved by the voters, would take effect in July 2022. The Cities of Ashland and Yachats have imposed a food and beverage tax for years and they report positive

outcomes for their parks and local services, which are also routinely stressed with an overload of out-of-town visitors.

We encourage your participation in the process, and you can do so either in person or in writing. Council meetings are now in-person. Additionally, all meetings are livestreamed and televised on Charter Channel 190. To access the livestream, visit the City of Newport website at www.newportoregon.gov. Once there, click on “City Government” and then on “City Council.” Click the “In Progress” note if the meeting is underway.

To submit written testimony, it must be received *by noon on July 19*, at publiccomment@newportoregon.gov. Written material received before noon on July 19 will be included in the meeting materials and acknowledged, at the appropriate time, by the Mayor. If a specific request is made to read written public comment into the record during the meeting, the City Recorder, or a designee, will be given a maximum of 3 minutes to read the comment during the meeting.

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