



City of Oregon City

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Staff Report

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Status: Agenda Ready

To: City Commission

Agenda #: 7a.

From: Economic Development Manager Eric Underwood

File Type: Report

SUBJECT:

Oregon City Tourism Plan

RECOMMENDED ACTION (Motion):

Staff recommends that the City Commission approve the Oregon City Tourism Plan and Leadership Structure.

BACKGROUND:

At the September 19, 2018 City Commission meeting, staff identified two options for the Tourism Plan leadership structure along with funding models for each of those options. Option One consists of the 1.0 FTE position and Option Two is the “no hire” option that would require reallocation of staff workload. Staff recommended that the Commission approve Option One, which would allow the 1.0 FTE to become the face of Oregon City tourism and provide the focus that the City Commission originally intended for a City-wide tourism strategy.

The Commission discussion raised the question of whether a contract position is a viable option for the implementation of the Tourism Plan. Staff was asked to research this question and bring the findings back to the next regularly scheduled City Commission meeting. The findings are as follows and assist in providing a clearer picture when making the distinction between the feasibility of a contractor vs. an employee:

Contractor

- Can work from any location
- Typically works for multiple companies
- Uses their own tools and resources
- Manages their own schedule and workload
- Controls their own method of work
- Typically brought in for a specific term when a final work product is expected
- Do not normally receive employment benefits
- Are not subject to withholdings
- May not join the City employees' union
- Generally, do not receive overtime
- Responsible for their own self-employment tax

Employee

- Works a specific schedule set by the employer
- Generally works for one agency
- Receives training through the employer
- Uses employer's tools, workspace and work-related resources
- Is subject to a large degree of control by the employer, including direction and feedback
- Receives employment benefits
- May join the City employees' union
- Protected by state and federal law for overtime
- Company pays certain taxes on behalf of employee

When classifying a worker as a contractor or an employee, the employer must be careful as there is a risk of significant consequences under the tax code for incorrectly categorizing an employee. The Internal Revenue Service suggests several ways to help determine whether a worker should be classified as an employee or a contractor and they are as follows:

- Consider the type of instructions given like work schedule, what types of resources and tools that are to be utilized and how they are purchased.
 - More detailed instructions are typically reserved for employees
 - Less detailed instructions, means less control and might indicate that the worker is a contractor
- Training a worker on procedures and methods of the agency makes a strong case that the worker is an employee
- If there is an expectation that the working relationship will continue indefinitely rather than a specific project or period, then it is typically viewed as an employer-employee relationship.
- Consider the activity of the worker and the extent of services provided and if they are considered a key element within a key function of the agency

The tourism effort is an ongoing program without a specific project period or end product. The worker would be required to use City resources and would be assigned a specific workload along with specific tasks in order to effectively and efficiently implement the Plan. The worker overseeing the tourism program serves a key function in helping to implement the Tourism Plan, which the City Commission has resolved is a key economic development tool for the City. Staff also anticipates that the Commission will want to provide direction and feedback to the person selected, meaning he/she could not be an independent contractor.

Due to these reasons, staff is of the opinion that the framework of the Tourism Plan necessitates an employer-employee relationship. Finally, staff believes that using an employee, as opposed to a contractor, in this role reduces the risk of incorrectly categorizing the worker and increases the opportunities for success in implementing the Tourism Plan. Given the above findings, staff would recommend the 1.0 FTE option and that it be implemented by hiring an employee for the City-wide Tourism Strategy leadership structure.