

Lodging Tax Advisory Committee - 2013 Recommendations

Committee Members:

- Julie Hankins, Councilmember and Chair
- Nathan Allan, Swantown Inn Bed and Breakfast
- Russ Carstensen, Olympia Kiwanis and Harbor Days
- Jack Kiley, Washington State Senior Games
- Greg Taylor, Phoenix Inn

Background and Analysis:

General Background about Lodging Tax and the Committee

State law requires that cities with a local lodging tax appoint an advisory committee to recommend how to use the money. The committee's role is "advisory" in nature; the final decision rests with the City Council. By State law, the committee consists of at least two representatives of agencies eligible to receive funding, at least two representatives of lodging establishments who pay the tax, and a Councilmember who serves as Chair.

Olympia receives the equivalent of a 4% tax on local hotel/motel lodging. Per [RCW 67.28.1815](#), this revenue is to be deposited in a Lodging Tax Fund to be used for tourism-related purposes as authorized by State law. One-half of Olympia's lodging tax is dedicated for various uses associated with The Washington Center for the Performing Arts, a tourism-related facility owned by the City. The Lodging Tax Advisory Committee makes an annual recommendation on use of the other half.

Lodging Tax is a dedicated revenue source to be used for tourism promotion and the acquisition/operation of tourism-related facilities as defined in [RCW 67.28.080](#). Until June 30, 2013, "tourism promotion" means "activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies [such as a Visitor and Convention Bureau]; and funding the marking of or the operation of special events and festivals designed to attract tourists." After June 30, 2013, authority ends for the funding of tourism event / festival operations.

Per [RCW 67.28.1817](#), the committee is to consider the whether proposals "accommodate activities for tourists or increase tourism, and the extend to which proposals will affect the long-term stability of the [Lodging Tax] fund" (in other words, will expenditure of lodging tax funds result in people staying in local hotels and motels).

2013 Revenue Projections

Net projected amount available for 2013 contracts: \$221,000.

The city traditionally carries a 2 month cash flow/operating reserve in the Fund in addition to the contract amounts. Also, 2013 is the final \$30,000 payment from the Fund of a prior \$600,000 commitment for capital costs of the new Hands on Children's Museum. The net amount was calculated after subtracting the \$30,000 capital commitment and the 2 month cash flow Fund Balance.

2013 Recommendations

The committee received \$40,000 more in proposals than estimated revenue. Also, the projected 2013 net amount is about \$25,000 less than 2012.

After reviewing all proposals, the committee unanimously recommends contracts with the following agencies for tourism promotion services. The committee determined that the recommended services are consistent with the intent of the law regarding use of the fund for tourism promotion and that the services have the potential to generate tourism activity and overnight stays in Olympia lodging establishments:

Capital City Pride Festival / Rainbow Coalition	\$ 5,000 for event marketing
Earthbound Productions / Procession of Species	\$ 3,500 for event marketing
Greater Olympia Dixieland Jazz Society	\$ 14,000 for event marketing
Hands on Children's Museum	\$ 53,500 for event marketing
Olympia Film Society	\$ 5,000 for event marketing
Olympia-Lacey-Tumwater VCB	\$103,500 for operation of a tourism agency
Olympic Flight Museum / Annual Airshow	\$ 6,000 for event marketing
Washington State Historical Society	\$ 2,000 for event marketing
Washington State Senior Games	\$ 10,000 for event marketing
Wolf Haven International	\$ 18,500 for event marketing
Total Tourism-Related Service Contracts:	\$221,000

Note: June 30, 2013 state law removes the local option of using lodging tax to fund operating costs of events designed to attract tourists. The Lodging Tax Advisory Committee establishes consistent proposal criteria for the entire calendar regardless of when a specific event or tourism-promotion is held. The committee chose not to accept 2013 proposals for festival/event operating expenses so that each group, regardless of the timing of their event or festival, had equal opportunity to compete for contracts based on uniform and consistent criteria.

2013 Lodging Tax Advisory Committee Recommendations

Agency	Recommendation	Tourism Service and Expected Outcome
<p>Capital City Pride / Rainbow Coalition</p> <p>For marketing to attract tourists to the annual 2-day June Pride Festival and Parade in downtown Olympia.</p>	<p>\$ 5,000</p>	<p><u>Service:</u> Radio, website, Facebook and Google ads, print advertising in target-specific publications that reach the Seattle and Portland markets. Advertising will reference special hotel rates for festival attendees.</p> <p><u>Outcome:</u> Pride estimates 10% of the 15,000 festival and parade spectators or participants are from outside Thurston County. In 2012, over 30 festival attendees reported that they stayed overnight in Olympia hotels. For 2013, Pride has offered to work with the VCB to develop and pilot an online method to gather data about tourism impact of the event.</p>
<p>Earthbound Productions</p> <p>For marketing to attract tourists to the annual Procession of the Species and the Luminary Procession (two events held during Arts Walk).</p> <p>Note: The Processions organized by Earthbound are held during Spring Arts Walk. Arts Walk is organized and managed by the City. Since both Processions are part of the larger Arts Walk event, the City provides at no cost to Earthbound about \$4,000 in staff on-duty and overtime for street closures, traffic and crowd control, waste services during the Processions, and advance coordination. The City publicizes the Processions in the annual Arts Walk brochure at no cost to Earthbound.</p> <p>In addition to a lodging tax contact, the City wishes to enter into a Memorandum of Understanding with Earthbound for services, communication, and</p>	<p>\$ 3,500</p>	<p><u>Service:</u> Print advertising of the Processions to a 3,000 distribution list, plus flyers, posters and handbills; Procession website.</p> <p>Note: Earthbound submitted a total request of \$19,725 with \$3,500 for marketing and the rest for rent and operating expenses mostly for the Community Art Studio. The committee did not discuss the rent and supplies request since only the marketing portion was responsive to the committee’s 2013 proposal criteria.</p> <p>Without additional information, it is unknown whether any of the rent and supply expenses are eligible for lodging tax funding. Of the rent request, \$8,000 is for the Community Art Studio, \$2,000 for a venue for music and dance groups, and \$2,000 for a venue specifically for creating giant puppets. The last 2 years, the committee recommended rent and expense funding with the understanding that the costs were directly related to operating the Processions to create a 2-day tourism event, that this was seed money to help establish the 2-day event, and with the stipulation that Earthbound work with the VCB on some external promotion. Earthbound declined to work with the VCB.</p> <p><u>Outcome:</u> Earthbound estimates 33,000 spectators and participants for the Procession on Saturday and 2,000 for the Luminary Procession on Friday. They did</p>

liability related to activities held during Arts Walk.		not provide any documentation of overnight stays in Olympia hotels.
<p>Greater Olympia Dixieland Jazz Society</p> <p>For marketing of the annual 4-day America’s Classic Jazz Festival to attract tourists. The Festival will be held June 27-30 with the main event at the Worthington Center and other activities at Tugboat Annie’s and the Farmer’s Market in Olympia.</p>	\$14,000	<p><u>Service:</u> Event advertising in national jazz publications, website, event promotional brochure mailing.</p> <p><u>Outcome:</u> The Festival had over 5,900 attendees in 2012, with about 90% from outside the area representing 33 States, 3 Canadian Provinces, and Europe. For 2013 they expect 5,375 overnight stays with an average stay of 3 nights.</p> <p>The Society alone will generate 204 hotel night stays during the event to house band personnel. The Society includes information about Olympia lodging on its website and in its event marketing brochure.</p>
<p>Hands on Children’s Museum</p> <p>For marketing to attract tourists to special events at the new Museum (a city-owned tourism related facility) and the Sand in the City event held the 4th weekend of August.</p>	\$ 53,500	<p><u>Service:</u> Year-round marketing in the Portland and Seattle markets of events at the new Museum, specifically targeting events during Spring Break weeks in April, the Outdoor Discovery Center opening in summer, and school holidays; plus marketing of the August Sand in the City event. Advertising will include print, radio, direct mail, cable television, website and online media.</p> <p><u>Outcome:</u> The Museum expects 212,000 visitors in 2013, with 50,000 from outside Thurston County.</p> <p>In 2012, the Museum documented 172 overnight stays in area lodging during Sand in the City and 64 overnight stays of professionals who stopped in Olympia to tour the Museum. The Museum works with downtown Olympia hotels and the VCB on overnight stay promotional packages.</p>
<p>Olympia Film Society</p> <p>For marketing to attract tourists to the 30th annual Independent Film Festival to be held in November, 2013 (a 10-day event).</p>	\$ 5,000	<p><u>Service:</u> Print and radio advertising in the Seattle and Portland markets.</p> <p><u>Outcome:</u> Based on 2012 attendance, the Society estimates 6,000 individuals will attend the Festival, with about 300 staying overnight in Olympia.</p> <p>The Society did not provide documentation to support its estimate of overnight stays; however for 2013 they will have a new ticketing system in place that will</p>

		gather this data, and they are working with downtown hotels and the VCB on overnight promotion packages for festival attendees.
<p>Olympia-Lacey-Tumwater Visitor & Convention Bureau</p> <p>For operation of the Olympia area’s tourism promotion agency and associated marketing activities.</p>	\$103,500	<p><u>Service:</u> Operation of a tourism promotion agency, including the Visitor Information Center located in Olympia, tourism-destination marketing; production of the annual visitors guide; assistance to event agencies with marketing and promotion.</p> <p><u>Outcome:</u> The Bureau estimates 25,000 visitors to the Information Center in 2013, with 65% of staying overnight in the Olympia area. The Bureau expects to generate 5,400 hotel nights from its direct outreach, and 6,500 new visitor leads through contacts with tour operators and conference organizers. The committee asked the VCB to develop a system to document its results in 2013.</p>
<p>Olympic Flight Museum</p> <p>For marketing to attract tourists to the 15th annual Olympic Air Show, July 13-14, 2013.</p>	\$ 6,000	<p><u>Service:</u> Video and TV advertising on Northwest Cable News of the annual Air Show; on-line advertising. NWCN reaches audiences in Washington, Oregon and Idaho.</p> <p><u>Outcome:</u> About 12,000 spectators attend the annual 2-day air show. Based on electronic ticket sales, the Museum reported 18.5% of 2012 visitors are from outside Thurston County. The also house some of the Air Show plane crews in Olympia hotels during the event. The Museum includes information about area hotels on its website.</p>
<p>Washington State Historical Society / State Capital Museum</p> <p>For marketing to attract tourists to the 1st Heritage Conference in Olympia, February 4-5, 2013.</p>	\$ 2,000	<p><u>Service:</u> Print and electronic advertising of the Conference to potential attendees.</p> <p><u>Outcome:</u> 100 out-of-area attendees are expected to travel to Olympia for the Conference and stay overnight in Olympia hotels. The Society is working with the VCB on a promotional lodging package.</p>
<p>Washington State Senior Games</p> <p>For marketing to attract tourists to the annual Senior Games to be held at various venues in Thurston County in July – the largest gathering of</p>	\$ 10,000	<p><u>Service:</u> Print, electronic, social media event advertising. Production and mailing of the 2013 registration and event promotion handbook.</p> <p><u>Outcome:</u> Through participant registration, the Games documents that 74% of the athletes come from locations outside Thurston County, including Washington</p>

senior athletes in the State.		State, Oregon, California, Idaho, and British Columbia. 3,200 participants and visitors are expected for 2013. The Games is working with the VCB to brand the event and Olympia as a Senior Games designation, and to coordinate lodging.
<p>Wolf Haven International</p> <p>For marketing to attract tourists to events at Wolf Haven, including the annual “Howl In” and internationally attended conference events; and to produce marketing information to welcome tourists to Olympia and Thurston County.</p>	\$ 18,500	<p><u>Service:</u> Print and electronic event advertising; event and visitor map showing relationship of Wolf Haven to Olympia and Olympia area hotels.</p> <p><u>Outcome:</u> Based on admission registration, for 2011 Wolf Haven documented 12,000 visitors, including visitors from 32 states, Canada, Australia, France, and South Africa. Wolf Haven provides Olympia lodging and restaurant information to event attendees, and works with the VCB on lodging promotion packages.</p>