



**TO:** Olympia City Council

**FROM:** Julie Hankins, Councilmember and Chair, Lodging Tax Advisory Committee

**DATE:** October 27, 2014

**SUBJECT:** **2015 Lodging Tax Committee Recommendations**

The Olympia Lodging Tax Advisory Committee recommends 2015 tourism service contacts in the amount of \$248,023. As a reminder, the committee considers one-half of the Lodging Tax Fund; the other half is committed to The Washington Center for the Performing Arts per a formal agreement with Center.

After 7 years of declining revenue, we are beginning to see a slight rebound in the Lodging Tax Fund. As of September, 2014 Lodging Tax received by Olympia was about the same as 2009; although still below 2007 and 2008 revenues. City staff projects \$255,000 of income available for 2015. This amount allows us to maintain our traditional 20% contingency balance. The contingency balance served us well in recent years of declining revenue since we enter into contacts at the start of the year based on projected (not actually received) income for that year.

The Olympia LTAC is a strong supporter of regional partnerships and events with proven histories of attracting tourists who stay overnight in Olympia and other area lodging. The committee is pleased to recommend full fund for all of the 2015 requests from non-profit groups and agencies who organize local events that are strong tourism draws. In addition, the committee recommends funding for pedestrian wayfinding (signage) in downtown Olympia and updating/printing of the Olympia Walking Map.

**Regional Athletic Center Proposal:**

LTAC received a proposal from the City of Lacey for \$20,000 in Olympia Lodging Tax to help pay for operating and maintenance costs of the Regional Athletic Center (RAC). LTAC recommends that City Council, or representatives from the City, meet with the City of Lacey to learn more about their request before making a funding commitment, if any. The committee expects to have about \$7,000 available in the Fund after all recommended commitments are met. They decided to leave it to the Council's discretion whether to allocate any or all of the remaining \$7,000 projected balance for the RAC request. As a reminder, any unexpended monies remain in the Fund for allocation the next year. Regarding the RAC, the City of Olympia is already a regional funding partner through the Public Facilities District (PFD). 71.77% of the PFD allocated sales tax in Olympia, Lacey, Tumwater, and Thurston County is committed to the RAC. The remaining 28.23% of PFD sales tax comes to the City of Olympia for capital costs of the Hands on Children's Museum.

**Attachments:**

1. Chart of Recommendations
2. Minutes – LTAC October 3, 2014 meeting