



City Council

Approval of a Resolution Adopting a Funding Strategy to Address The Washington Center for the Performing Arts' First Quarter 2020 Budget

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Title

Approval of a Resolution Adopting a Funding Strategy to Address The Washington Center for the Performing Arts' First Quarter 2020 Budget

Recommended Action

Committee Recommendation:

Finance Committee met on June 17 and moved to approve appropriating \$80,000 of Lodging Tax Reserves to The Washington Center for the Performing Arts to cover 2020 operating expenses; and to relieve The Washington Center of their obligation to replenish the Endowment Fund \$200,000 for funds used to replace the stage rigging system and forward to City Council.

City Manager Recommendation:

Approve a Resolution Adopting a Funding Strategy to Address The Washington Center for the Performing Arts' First Quarter 2020 Budget

Report

Issue:

Whether to Approve a Resolution Adopting a Funding Strategy to Address The Washington Center for the Performing Arts' First Quarter 2020 Budget

Staff Contact:

Debbie Sullivan, Administrative Services Director, 360.753.8499

Presenter(s):

None - Consent Calendar Item

Background and Analysis:

Lodging Tax is collected by hotels, motels, and other similar facilities in the City of Olympia. The purpose of collecting Lodging Tax is to generate revenue that can be used for activities and operations to increase tourism. The total tax charged is 4%. The first 2% of the revenue generated from the tax is allocated to The Washington Center for the Performing Arts (The Center) and is documented in their Operating Agreement (Section C.4).

...the City shall pay or allocate, as provided herein, to The Washington Center during each calendar year of the agreement an amount equal to the 2% Lodging Tax authorized by RCW 67.28.180 and collected by the City from all lodging establishments located within the City limits.

The 2020 Adopted Operating Budget appropriated \$520,000 in Lodging Tax to The Center. However, due to the severe reductions in hotel/motel stays the amount of revenue available has been significantly reduced. At the April 15 Finance Committee meeting, Executive Director Jill Barnes made the following proposal:

- Fund 75% of the Development Director's salary from the Endowment Fund;
- Allow them to retain \$200,000 they withdrew from the Endowment Fund to pay for a new rigging system. The intent was to reimburse the Endowment once The Center received their reimbursement from a Building for the Arts Grant for this project which they will receive in the fall of 2020
- Refrain from reducing or suspending the 2020 Lodging Tax Revenue of \$520,000 allocated to The Center as part of the 2020 Operating budget.

Finance Committee agreed to fund The Center based on 1/12th of the annual Lodging Tax revenue budgeted (\$264,000) through the end of The Center's fiscal year (June 30). The Committee expressed a willingness to consider using Lodging Tax beyond June 30th and invited Jill to update the Committee on their financial position every quarter through the end of the year. Finance Committee also directed staff to evaluate the request regarding the use of the Endowment.

On June 17, Jill Barnes returned to Finance Committee to discuss The Center's first quarter (July - Sept.) budget. Ms. Barnes requested the use of \$80,000 in Lodging Tax to help cover a projected \$160,000 deficit in their first quarter operating budget. As of May 31, the 2020 Lodging Tax Fund actual revenues were \$50,000 below 2020 expenditures. However, there is a fund balance (reserves) of slightly more than \$398,000. This fund balance can only be used for The Washington Center because it represents the first 2% Lodging Tax collected under RCW 67.28.180.

Finance Committee also approved relieving The Center of their obligation to replenish the Endowment \$200,000 for funds used to replace the stage rigging system. It was discussed that these funds could be used to cover the salary of the Development Director rather than further reducing the Endowment.

Neighborhood/Community Interests (if known):

The Washington Center for the Performing Arts (Center) was constructed in 1985 by the City of Olympia. While the City owns the building, The Center holds a long-term lease agreement to provide quality and financially sound performing arts programming for the entire community. The Center hosts more than 300 events every year and serves as an economic and cultural catalyst for the City of Olympia and region. The majority of programming at The Center is reserved for local non-profit performing arts groups. They work with 20 local artistic partners to ensure space is available for their performances.

Options:

1. Move to approve the Resolution Adopting a Funding Strategy to Address The Washington Center for the Performing Arts' First Quarter 2020 Budget

2. Modify the resolution and direct staff to return to Council reflecting their changes.
3. Do not approve the resolution and direct The Washington Center to seek funding from other sources.

Financial Impact:

The Lodging Tax Fund Balance, which can only be allocated to The Washington Center for the Performing Arts, totals \$398,691. Using \$80,000 will decrease the fund balance to \$318,691. The balance of the Endowment, as of March 31, 2020 is \$675,850. Relieving The Center of their obligation to reimburse the Endowment will not reduce the amount in this fund.

Attachments:

Resolution