



City Council

Approval of Interlocal Agreement for Establishment of the Thurston County Tourism Promotion Area (TPA)

Agenda Date: 10/15/2013
Agenda Item Number: 4.D
File Number: 13-0836

Type: contract **Version:** 1 **Status:** Passed

Title

Approval of Interlocal Agreement for Establishment of the Thurston County Tourism Promotion Area (TPA)

Recommended Action

Committee Recommendation:

In 2012, the General Government Committee and the Olympia Lodging Tax Advisory Committee received informational briefings on status of TPA formation. Both groups support a County-wide TPA.

[Note: City Council held a study session on TPA, April 17, 2012. Councilmember Hankins and previously Councilmember Roe, as the Council's Visitor and Convention Bureau representatives, have periodically updated Council on petition status.]

City Manager Recommendation:

Move to approve the Interlocal Agreement for Establishment of the Thurston County Tourism Promotion Area, and authorize the Mayor to sign the Agreement.

Body

Issue:

On October 29, 2013, Thurston County Commissioners will hold a public hearing and consider an ordinance establishing the Thurston County Tourism Promotion Area. Prior to that date, incorporated areas with lodging establishments within their boundaries must approve an interlocal agreement if they wish to authorize the County to include the incorporated area in the TPA boundaries.

Staff Contact:

Cathie Butler, Communications Manager, 360.753.8361

Presenter(s):

None. Consent Calendar Item.

Background and Analysis:

On July 29, 2013, the Clerk of the Thurston County Board of Commissioners received an Initiation Petition from operators of lodging businesses in Thurston County requesting establishment of a Thurston County Tourism Promotion Area. The filing culminated over two years of effort by local hoteliers to develop a petition proposal and obtain the required number of signatures.

In Olympia, representatives of the DoubleTree (formerly Phoenix Inn), Governor Hotel, Ramada Inn, and Red Lion Hotel signed the petition.

Interlocal Agreement.

The agreement has been reviewed by the VCB representative, chief executive, and attorney from each jurisdiction. If approved, it will be in effect unless modified or dissolved per section 8 of the agreement.

Jurisdictional Consideration/Action: Olympia and Tumwater on October 15; Lacey, October 17; Yelm, October 22.

Process for Forming a Tourism Promotion Area.

RCW 35.101 allows for the creation of local Tourism Promotion Areas and assessment of a per night charge for lodging, not to exceed \$2 per night/per room. The law details the process for creating a TPA, which includes:

- Initiation petition from lodging businesses describing the proposed boundaries, rate of charge, and how the revenue will be used. The petition must be signed by representatives of lodging businesses in the proposed area who would pay 60% or more of the proposed charges.
- Resolution by the legislative authority of intent to establish a TPA.
- If the legislative authority is a County, interlocal agreements with incorporated cities/towns within the proposed boundaries.
- Public hearing by the legislative authority proposing to establish a TPA.
- Ordinance by the legislative authority establishing the TPA.

Exemptions.

- Temporary medical housing is exempt per RCW 35.101.055.
- Only lodging establishments with 40 or more rooms are included in the TPA, per RCW 35.101.010. In Olympia, the Holly Motel is less than 40 rooms, as are bed and breakfast establishments.

Charges.

- The proposed charge is \$2 per room per night.
- A separate category with a \$0 proposed rate is established for trailer camps and recreational vehicle parks; educational institutions; lodging provided by businesses and schools for accommodating employees and students; guest ranches and summer camps.
- The charges are collected by the State Department of Revenue for disbursement to the legislative authority, in this case - Thurston County.

Use of Funds.

Section 5 of the Agreement details the use of the revenues and procedure for setting an annual budget.

A seven member Thurston County Hotel and Motel Commission will be established by the County Board of Commissioners to advise the Commissioners on the annual budget and expenditure of revenues.

The Board of Commissioners will contract with a TPA Manager to prepare the annual budget for review by the Commission and the Board of Commissioners; serve as staff to the Commission; and administer the activities and programs of the TPA. The TPA Manager is expected to be the Olympia-Lacey-Tumwater Visitor and Convention Bureau, although this is not specified in the petition.

Thurston County will retain an amount equal to the indirect administrative cost for the Program, which shall not be greater than 5% of the annual revenue from the TPA.

The agreement is intended to provide a supplemental source of funding for tourism promotion in Thurston County and is not intended to modify existing funding or support for tourism promotion.

Neighborhood/Community Interests (if known):

In Olympia, representatives of the Doubletree (formerly Phoenix Inn), Governor Hotel, Ramada Inn, and Red Lion Hotel signed the petition.

Options:

1. Move to approve the Interlocal Agreement.

Approval will allow Olympia lodging establishments to be included in the county-wide TPA.

2. Do not approve the Agreement.

Olympia lodging establishments will not be included in the county-wide TPA, potentially negating the effort to form an area-wide tourism promotion area.

Financial Impact:

Will add a \$2 per room per night charge to overnight lodging. No revenue will come directly to the City of Olympia. The TPA is expected to generate \$400,000 to \$900,000 annually in revenue for tourism promotion and marketing, depending on fluctuations in number of hotels rooms and occupancy.