



City Council

Approval of Lodging Tax Advisory Committee 2023 Lodging Tax Funding Recommendations

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Title

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Recommended Action

Committee Recommendation:

The Lodging Tax Advisory Committee (LTAC) recommends approval of the 2023 Lodging Tax Fund recommendations.

City Manager Recommendation:

Move to approve the LTAC 2023 Lodging Tax Fund recommendations.

Report

Issue:

Whether to approve the Lodging Tax Advisory Committee recommendations for 2023 tourism funding.

Staff Contact:

Mike Reid, Economic Development Director, 360.753.8591

Presenter(s):

Mike Reid, Economic Development Director

Background and Analysis:

An open call for tourism services funded by the Olympia Lodging Tax was advertised beginning August 30, 2022. Due to a lack of quorum caused by the resignation of two Lodging Tax Committee members (resignations from committee were due to moving out of area related to professional employment in both instances) the application deadline was extended to October 24, 2022.

Twenty five (25) applications were received for a total of \$985,990 in requested funding. The Lodging tax Advisory Committee met on November 19, 2022 to review all applications and develop a funding recommendation.

The Committee recommended funding for 25 applications with a total amount of \$805,490. To achieve this full funding amount, it is anticipated that \$285,490 would come from lodging tax fund

balance.

Application	Recommendation
American Lung Association - Reach the Beach Race	\$ 5,000.00
Arbutus Folk School	\$ 18,000.00
Capital Lakefair	\$ 25,000.00
City of Olympia - LTAC Admin	\$ 26,000.00
City of Olympia - Geofencing for event data	\$ 12,000.00
Experience Olympia and Beyond	\$ 148,676.00
Harlequin	\$ 50,000.00
Heritage Commission - Indie Music Project	\$ 23,000.00
Hands on Children's Museum	\$ 79,814.00
LakeRun Organization	\$ 3,000.00
Miss Washington	\$ 50,000.00
Olympia Downtown Alliance - Summerfest	\$ 45,000.00
Olympia Downtown Alliance - Visitor Guide	\$ 7,500.00
Olympia Film Society	\$ 40,000.00
Olympia Parks Department - Oly on Ice	\$ 20,000.00
Olympia Soccer Foundation	\$ 22,000.00
Olympia Symphony	\$ 20,000.00
Olympic Flight Museum	\$ 20,000.00
South Sound Maritime Heritage Association - Harbor Days	\$ 66,000.00
South Sound Maritime Heritage Association - conditional fireworks amendment	\$ 15,000.00
South Sound Reading Foundation - Olylit Festival	\$ 10,000.00
Team Tomorrow - South Sound Block Party	\$ 58,500.00
Thurston Climate Action Team - Climate Conference	\$ 16,000.00
Thurston County Chamber - Olympia Brewfest	\$ 5,000.00
Washington State Senior Games	\$ 20,000.00
Total \$ 805,490.00	

Climate Analysis:

This proposed action is not anticipated to have an impact on Olympia's Climate Mitigation Strategies.

There are areas to gain some efficiency such as ensuring that our Waste Resources staff are provided with contact information of funding awardees so that outreach can be established to share landfill diversion strategies for events, festivals, and conferences that received funding.

In future application cycles it is possible to ask applicants additional information about waste management, landfill diversion practices and the promotion of public transit use as part of their events.

Equity Analysis:

This year marked a significant increase in the number of applications. 25 applications were submitted and will successfully receive some amount of funding (the previous high was 19 awards). A significant portion of fund balance is being utilized to accomplish the increased amount of funding which will not be sustainable in the future. The Lodging Tax Advisory Committee will be looking at an

update to the 2007 Council Recommendations that set policy guidance. Some of those updates could include items like priority setting, reserve balance policy, inclusion of equity and climate change framework into selection criteria, and improved distribution/solicitation practices to increase awareness of funding opportunity. There were two funding recommendations that can assist in assisting this program in its growth: 1) Dedicated LTAC funding that will go towards a position that provides program support specifically for the Lodging Tax program. This is a program manager position that will also work on the Cultural Access program. 2) Funding for a software program that can do "geofencing" to help us understand more about the impact of tourism. This program can give us insight about tourism demographics.

Neighborhood/Community Interests (if known):

Many of the proposed award recipients are long-standing institutions of Olympia's event and tourism history, including Capital Lakefair, Harbor Days, and Olympia Film Society just to name a few. Many of these events and organizations are still struggling to recover from the impact of the pandemic and this support is crucial to continue to make Olympia a destination for visitors.

Options:

1. Approve LTAC recommendation.
2. Do not approve the LTAC recommendation.
3. Propose changes and approve amended LTAC recommendation.

Per Municipal Research Service Center: The legislative body (City Council) is not required to fund the full list of recommended recipients and may choose to make awards to only some or even none of the recommended recipients, but the legislative body *may not award funds to any recipient that was not recommended by LTAC*.

However, an informal opinion from the Attorney General's Office in 2016 states that the legislative body may award *amounts* different from the LTAC's recommended amounts, but only after satisfying the procedural requirements of RCW 67.28.1817(2). This requires the municipality to submit its proposed change(s) to the LTAC for review and comment at least 45 days before final action is taken.

Financial Impact:

The Committee recommended funding for 25 applications with a total amount of \$805,490. To achieve this full funding amount, it is anticipated that \$285,490 would come from lodging tax fund balance.

The City's Finance Director anticipates new lodging tax revenue for 2023 to be \$520,000 and the estimated fund balance to start 2023 (also referred to as reserves) is estimated at \$647,182.

A first quarter budget amendment will come before Council to appropriate the funds. There is adequate fund balance to provide immediate funding to recommend recipients.

Attachments:

Olympia Lodging Tax Award Chart
Informal 2016 Attorney General's Office Opinion
RCW 67.28.1817 Lodging Tax Advisory Committee in Large Municipalities