

11930 Cyrus Way ♦ Mukilteo, Washington 98275

COMMISSION UPDATE TO CITY COUNCIL Lodging Tax Advisory Committee

Quarterly Report _____ (QTR) ● Annual Update 2014 (year)

Commission Chair: Councilmember Linda Grafer

Commission Members: Hoteliers Fawn Bowles, Mark Lee and Shannon Myers; Non-profit members Skip Kidd, Lisa Romo, and Ann Spikes. Staff Liaisons: Marko Liias and Nancy Passovoy

This Commission met (i.e., 2nd Tuesday each month): October 15 and November 5, 2014

Committee Accomplishments:

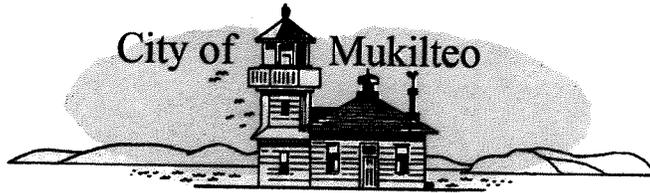
- Recommendations to City Council
 - \$94,250 to fund 3 ongoing grants: Mukilteo Lighthouse Festival (\$50,000), Chamber of Commerce Tourism Center Staffing (\$42,000), and Snohomish County Visitor Information Center (\$2,250)
 - \$195,400 in 12 annual tourism grants (AB 2014-108 attached)
 - Additional payment of \$23,679 to pay off the remaining Tourism Center loan
 - Hotel/Motel Lodging Tax Fund Reserve balance of \$14,001 (7.3 months reserve)
 - Not fund 2 grants that did not meet the criteria of directing overnight stays in Mukilteo

Committee Challenges:

- Committee Communication and compliance with the Open Public Meetings Act
- Determining the probability of some proposed projects/events that will encourage tourism and overnight stays that will replenish the Hotel/Motel Lodging Tax Fund
- Estimate the amount of Funds available to award (without knowing the year-end Fund balance in October/November)
- Active participation of all Committee members, especially from non-profits

Committee Constraints and/or Risks:

- Time constraint: we had 15 grant applications to review and listen to presentations, then deliberate.
- Risks: 2015 is expected to be another good year, then drop off. Future grant funds may be reduced.



Committee's Requests from Mayor/Council:

- None

Committee's Ongoing Projects:

- All Committee members' terms end in 2015 and must reapply for consideration on 2015-2016 Committees

Other Issues to Report:

- None

Report Completed by: Nancy Passovoy

Signature: *Nancy Passovoy*

Date: 12/3/2014

MUKILTEO CITY COUNCIL AGENDA BILL 2014-108

SUBJECT TITLE: Approval of 2015 Lodging Tax Grants	Meeting Date: November 17, 2014
Staff Lead: Marko Lias/Nancy Passovoy	Exhibits: 1. 2015 Lodging Tax Committee Grant Recommendations 2. Fund Summary
Department Director: Chris Phillips	
Estimated Presentation Time: 30 minutes	

2014 Budget Information

Amount Budgeted:	\$222,390	Account Name(s): Hotel/Motel Lodging Tax Fund	Account Number: 116.19.557.200.4408
Expenditure Required:	\$233,069		
Budget Remaining:	\$13,000		
Appropriation Required:	\$10,679		

2015 Budget Information

Amount Budgeted:	\$0	Account Name(s): Hotel/Motel Lodging Tax Fund	Account Number: 116.19.557.200.4408
Appropriation Required:	\$290,450		

RECOMMENDATION:

Council **MOTION** to approve the recommendations of the Lodging Tax Advisory Committee from November 5, 2014.

SUMMARY:

The Lodging Tax Advisory Committee met on October 15 and November 5, 2014 and made the following recommendations:

1. The Hotel/Motel Lodging Tax Fund reserve policy should be amended, per the recommendation of the Finance Director, to no less than six months of previous year's actual revenue and no more than twelve months of previous year's actual revenue.
2. Approve the full repayment of the interfund loan for the Visitor Center in 2014 using unanticipated extra revenue. This will result in an additional \$23,679 expended in 2014.
3. Create three ongoing programs within the Lodging Tax fund that would receive annual support, separate from the annual grant program. These ongoing grants would receive the same level of support from year to year, but would be required to report on the use of funds annually to the committee.
4. Funding recommendations
 - a. \$94,250 to fund three ongoing programs: Major Event Support/Lighthouse Festival (\$50,000), Tourism Center Staffing (\$42,000), and Snohomish County Visitor Information Center (\$2,250)
 - b. \$195,400 in annual tourism grants

BACKGROUND:

The Hotel/Motel tax fund receives the 2% hotel/motel tax assessed on hotels/motels within the City. RCW 67.28.180 restricts use of the tax to fund tourism promotion, and acquisitions, operations and/or maintenance of tourism facilities within the City. The Lodging Tax Advisory Committee was established to advise the City Council on effective use of the fund's assets. Each year, the Committee solicits grant applications to fund tourism promotional opportunities within the City. These applications are reviewed by the Committee and their recommendations made to the City Council.

The Lodging Tax Advisory Committee consists of Councilmember Grafer as chair, 3 local hoteliers and 3 members representing various local non-profits. The Committee met on October 15th to review 15 grant applications and hear presentations from each applicant/organization requesting a grant award. Grants may be awarded to public and/or non-profit organizations only.

Funding priority was given to those projects and programs that would result in increases in overnight stays. The applicants were required to provide a means of tracking these hotel stays and provide an estimate of the number to be generated by their project.

Exhibit 1 details the funding recommendation from the Lodging Tax Advisory Committee for 2015 Lodging Tax Grants. In addition to the recommended grant awards, the Committee is making additional recommendations to Council:

1. Designate Major Event Support/Lighthouse Festival (\$50,000), Tourism Center Staffing (\$42,000), and Snohomish County Visitor Information Center Program (\$2,250) as ongoing programs to provide funding stability
2. Pay off the remaining Visitor Center interfund loan amount of \$23,679 in 2014 from unanticipated revenues.
3. Recommend a reserve fund balance of \$140,001 (7.3 months reserve)

Of the 15 grant applications received, 13 received funding from the Committee; the two not funded did not meet the criteria of directing overnight stays in Mukilteo, bringing in visitors traveling 50 miles or more, or coming from another state or country.

ALTERNATIVES:

Per RCW 67.28.1816, the City Council may choose only recipients from the list of candidates and recommended amounts provided by the Committee.

However, the Council may decide not to fund the full list as recommended by the Committee and can choose to make awards in the recommended amounts to all, some or none of the applicants. The selected grant recipients must be awarded exactly the amounts recommended by the Lodging Tax Advisory Committee.

EXHIBIT 1
2015 Lodging Tax Grants
Recommended Awards

On-Going Grant Awards:

Name of Organization	Name of Project	Amount Requested	2015 Award Recommendation/ Committee Comments	Previous Grant Awards
Mukilteo Lighthouse Festival Association	Mukilteo Lighthouse Festival	\$45,000	\$50,000 \$35,000 of this grant will fund advertising, fireworks, logistics and administration of the Festival. \$15,000 will be an interfund transfer to compensate the City for overtime expenses.	2014: \$45,000 2013: \$40,000 2012: \$45,000 2011- \$30,000
Mukilteo Chamber of Commerce	Mukilteo Tourism Information Center Staffing	\$42,000	\$42,000 Grant to fund Professional Services and Admin Staff costs	2014: \$51,000 (part) 2013: \$56,000 (part) 2012: \$32,500 (part) 2011: \$39,200 (part)
Snohomish County Tourism Bureau	<i>Snohomish County Visitor Information Center Program:</i> This funds the City's participation in regional tourism marketing on a per capita basis.	\$2,250	\$2,250	2014: \$ 2,000 2013: \$ 2,000 2012: \$ 2,000 2011: \$ 2,000

2015 Recommended Grant Awards:

Name of Organization (listed in order of presentation)	Name of Project	Amount Requested	2015 Award Recommendation/ Committee Comments	Previous Grant Awards
City of Mukilteo Recreation and Cultural Services Department	<i>Rosehill Community Center Staffing</i> This grant funds additional staff to attract and secure additional out-of-town visitors at the Community Center through special events and conferences.	\$30,000	\$30,000 The Committee expects to see an improvement in the number and tracking of overnight stays from this grant.	N/A
City of Mukilteo Recreation and	<i>Rosehill Community Center Rental Marketing</i>	\$8,100	\$8,100	2014: \$20,500 2013: \$25,000

Cultural Services Department	This grant funds advertising and marketing of the Community Center in regional publications and staff participation in two wedding shows.			2012: \$29,400 2011: \$ 5,150
City of Mukilteo Public Works Department	<i>Lighthouse Quarters A&B Exterior Repairs</i> Repairs to the exterior siding, window sills, gutters, remove and/or replace porches and repaint surfaces.	\$35,000	\$29,000 The Committee expects this work to be completed in 2015.	2014: \$15,000 \$15,000 was awarded in 2014 and only \$6,000 for a survey is expected to be spent. For 2015, this grant was awarded in full less \$6,000.
Mukilteo Garden and Quilt Tour	<i>2015 Mukilteo Garden and Quilt Tour</i> This grant funds a two-day tour of Mukilteo gardens which attracts nearly 1,000 out-of-town visitors every other year.	\$14,563	\$10,000 This grant funds all paid media advertising.	2013: \$10,000 2011- \$ 500
Jericho Bridge Church with the Mukilteo Historical Society	<i>Walking Tour of Mukilteo</i> This grant funds the development of a walking tour at Lighthouse Park with 13 tour stops with informational signs covering .75 miles.	\$6,050	\$4,550 This grant funds pamphlet printing, new trailhead sign, and 12" square metal signs/brackets.	N/A
Mukilteo Chamber of Commerce	<i>Mukilteo Community Car Show</i> This grant funds the popular community car show and provides additional funding to add an evening event the night before the show, in an attempt to encourage more overnight stays.	\$9,250	\$9,250 Also known in past years as Mukilteo Classic Car Show. The Committee expects to see an improvement in the number and tracking of overnight stays from this grant.	2014: \$ 4,750 2013: \$ 3,500 2012: \$ 3,500 2011: \$ 500
Mukilteo Chamber of Commerce	<i>Mukilteo Tourism Information Center</i> This grant funds the acquisition of promotional materials for the Tourism Center.	\$13,000	\$13,000 This grant will fund a visitor brochure brochure/map, relocation tool kit/packets, a Facebook tourism page and a visitor center sign.	2014: \$51,000 (part) 2013: \$56,000 (part) 2012: \$32,500 (part) 2011: \$39,200 (part)
Mukilteo Chamber of Commerce	<i>76th Street Tourism Center</i> This grant funds the development of amenities at the Tourism Center per the plan developed using 2014 grant funding.	\$50,000	\$50,000 The committee expects this to be the last grant of this kind for the Tourism Center.	2014: \$12,000
Mukilteo Chamber of Commerce & Brand Builder Media	<i>MUK Marketing/Tourism Campaign</i> This grant continues the work of the 2014 grant and will focus on developing packages combining	\$28,800	\$28,800 The Committee expects to see an improvement in the number and tracking of overnight stays from this grant.	2014: \$10,000

	overnight stays with local attractions.			
Domestic Violence Services of Snohomish County	<i>Everyone Deserves to be Safe</i> This grant funds a second year of the conference at the Community Center, which generated several overnight stays and helped highlight Mukilteo as a destination for similar conferences in the future.	\$8,500	\$8,500 The Committee expects to see an improvement in the number and tracking of overnight stays from this grant.	2014: \$ 8,000
SuperCharge Marketing	<i>Social Media Services & Management:</i> This continues the City's successful social media marketing presence on Facebook, Twitter, Pinterest, YouTube and Google+	\$4,200	\$4,200	2014: \$ 4,000 2013: \$ 3,500

2015 Not Recommended for Grant Awards:

Name of Organization	Name of Project	Amount Requested	2015 Award Recommendation	Previous Grant Awards
Kamiak Performing Arts Boosters	<i>Music in Motion</i> This request was to purchase new trailers for the Kamiak High School Show Band.	\$17,700	\$0 There were no overnight stays expected to be generated by this grant.	
Japanese Gulch Group	<i>Japanese Gulch Trail Work</i> This request was to continue trail maintenance in Japanese Gulch by purchasing tools and trail signs.	\$4,000	\$0 There were no overnight stays expected to be generated by this grant.	

HOTEL/MOTEL LODGING TAX FUND (116)

	2013	2014	2014 Y.E.	2015	Budget to
	Actual	Budget	Estimate	Budget	Budget
					Comparison
Beginning Fund Balance	\$94,118	\$226,320	\$185,820	\$189,251	(\$37,069)
Revenues + Transfers In					
Hotel/Motel Transient Tax	228,769	200,000	235,400	240,000	40,000
Investment Interest	396	400	1,100	1,200	800
Transfers In	-	5,000	-	-	(5,000)
Total Revenues + Transfers In	229,165	205,400	236,500	241,200	35,800
Total Resources	323,283	431,720	422,320	430,451	(1,269)
Expenditures + Transfers Out					
Community Organizational Support	137,285	173,000	160,000	-	(173,000)
Tourism Grants	-	-	-	167,950	167,950
Major Event Support	-	-	-	35,000	35,000
Tourism Center Staffing	-	-	-	42,000	42,000
Transfers Out	-	-	-	45,000	45,000
Insurance	178	500	500	500	-
Interfund Loan Payment	-	48,890	72,569	-	(48,890)
Total Expenditures + Transfers Out	137,463	222,390	233,069	290,450	68,060
Ending Fund Balance	\$185,820	\$209,330	\$189,251	\$140,001	(\$69,329)