



11930 Cyrus Way ♦ Mukilteo, Washington 98275

COMMITTEE UPDATE TO CITY COUNCIL Lodging Tax Advisory Committee

Quarterly Report _____ (QTR) ● Annual Update 2015 (year)

Committee Chair: Councilmember Linda Grafer

Committee Members: Hoteliers Fawn Bowles, Mark Lee and Shannon Myers; Non-profit members: Diana Favre, Lisa Romo, and Anna Tink. Staff Liaisons: Marko Liias and Nancy Passovoy

This Committee met: October 15, 2015

Committee Accomplishments:

- New Lodging Tax Advisory Committee appointed by the City Council on October 5 (2 new non-profit members) for 2-year terms
- Recommendations to City Council
 - \$122,900 to fund 4 ongoing grants: Mukilteo Lighthouse Festival (\$45,000), Chamber of Commerce Tourism Center Staffing (\$48,000), Snohomish County Visitor Information Center (\$3,000), and Lighthouse Festival City Staff Support (\$26,900)
 - \$158,050 in 11 annual tourism grants (AB 2015-93 attached)
 - \$37,000 in rollover grant to pay allow the Chamber of Commerce additional time to finish their 2015 grant project
 - Estimated Hotel/Motel Lodging Tax Fund Reserve balance of \$122,905
 - Did not fund 1 grant the Committee felt that the dollars requested (\$73,200) would not result in enough tourism to justify

Committee Challenges:

- 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)

Committee Constraints and/or Risks:

- Time constraint: we had 16 grant applications to review and listen to presentations, then deliberate



CITY OF
MUKILTEO

- Risks: 2016 is not expected to bring in as many tourist dollars as the previous 2 years (per the hoteliers)

Committee's Requests from Mayor/Council:

- None

Committee's Ongoing Projects:

- None

Other Issues to Report:

- None

Report Completed by: Nancy Passovoy

Signature: *Nancy Passovoy*

Date: 1/4/2016

MUKILTEO CITY COUNCIL AGENDA BILL 2015-93

SUBJECT TITLE: Approval of 2016 Lodging Tax Grants	Meeting Date: November 2, 2015
Staff Lead: Marko Liias/Nancy Passovoy	Exhibits: 1. 2016 Lodging Tax Advisory Committee Grant Recommendations 2. Fund Summary
Department Director: Chris Phillips, MSD	
Estimated Presentation Time: 30 minutes	

2015 Budget Information

Amount Budgeted:	\$ 245,450	Account Name(s): Hotel/Motel Lodging Tax Fund	Account Number: 116.19.557.200.4408
Budget Remaining:	\$ 100,348		
Appropriation Required:	\$ 0		

2016 Budget Information

Amount Budgeted:	\$ 0	Account Name(s): Hotel/Motel Lodging Tax Fund	Account Number: 116.19.557.200.4408
Appropriation Required:	\$ 317,950		

RECOMMENDATION:

Council **MOTION** to approve the recommendations of the Lodging Tax Advisory Committee from October 15, 2015.

SUMMARY:

The Lodging Tax Advisory Committee met on October 15 and made the following recommendations:

1. Fund three ongoing grant awards
 - a. Major Event Support:
 - i. MLFA: \$45,000
 - ii. City of Mukilteo Staff Support: \$26,900
 - b. Tourism Center Staffing: \$48,000
 - c. Snohomish County Visitor Information Center Program: \$3,000
2. Re-appropriate up to \$37,000 for the Tourism Center improvement project from 2015
3. Fund tourism grants totaling \$158,050

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 16 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 2016 Lodging Tax Grants. In addition to the recommended grant awards, the Committee is making additional recommendations to Council:

1. Recommend a "roll over" of \$37,000 from the 2015 Chamber of Commerce "76th Street Tourism Center Project" to the 2016 grant cycle because of unforeseen circumstances preventing the grantee from completing this project in 2015.
2. Recommend a reserve fund balance of \$122,992 (7.3 months reserve)

Of the 16 grant applications received, 15 received funding from the Committee. The Committee's decision not to fund this applicant was based on the committee's rankings and lack of funds to fund all grant requests.

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.

The Council could decide to:

- Delete recommended grants
- Refer the recommendations back to the Advisory Committee for reconsideration

EXHIBIT 1
2016 Lodging Tax Grants
Recommended Awards

On-Going Grant Awards (\$122,900)
(rankd high-low by average number of points)

Name of Organization	Name of Project	Amount Requested	2016 Award Recommendation/ Committee Comments	Previous Grant Awards
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.	\$3,000	\$3,000	2015: \$ 2,250 2014: \$ 2,000 2013: \$ 2,000 2012: \$ 2,000 2011: \$ 2,000
Mukilteo Chamber of Commerce	<i>Mukilteo Tourism Center Staffing</i> Grant to fund Professional Services and Admin Staff costs.	\$48,000	\$48,000	2015: \$42,000 2014: \$51,000 (part) 2013: \$56,000 (part) 2012: \$32,500 (part) 2011: \$39,200 (part)
Mukilteo Lighthouse Festival Association	<i>Mukilteo Lighthouse Festival</i>	\$45,000	\$45,000	2015: \$35,000 2014: \$45,000 2013: \$40,000 2012: \$45,000 2011- \$30,000
City of Mukilteo	<i>Lighthouse Festival City Staff Support</i> This grant reimburses the City for Fire, Police, PW and Recreation staff overtime.	\$26,900	\$26,900	2015: \$15,000 2014: \$10,000 2013: \$10,000 2012: \$10,000

2016 Recommended Grant Awards (\$158,050):
(rankd in order by average number of points)

Name of Organization	Name of Project	Amount Requested	2016 Award Recommendation/ Committee Comments	Previous Grant Awards
Mukilteo Chamber of Commerce	<i>Tourism Center</i> This grant funds the acquisition of promotional materials for the Tourism Center.	\$5,800	\$5,800	2015: \$13,000 2014: \$51,000 (part) 2013: \$56,000 (part) 2012: \$32,500 (part) 2011: \$39,200 (part)

City of Mukilteo Recreation and Cultural Services Department	<i>Rosehill Community Center Rental Marketing</i> This grant funds advertising and marketing of the Community Center in regional publications and staff participation in one wedding show.	\$9,300	\$9,300	2015: \$8,100 2014: \$20,500 2013: \$25,000 2012: \$29,400 2011: \$ 5,150
Future of Flight Foundation	<i>WTA Marketing Promotion</i> (WA State Tourism Alliance) This grant supports promotional costs for the Future of Flight Aviation Center & Boeing Tour.	\$3,708.75	\$3,700	
Mukilteo Chamber of Commerce	<i>Mukilteo Community Car Show</i> This grant funds the popular community car and dinner.	\$9,250	\$9,250 The Committee expects to see an improvement in the number and tracking of overnight stays from this grant.	2015: \$9,250 2014: \$ 4,750 2013: \$ 3,500 2012: \$ 3,500 2011: \$ 500
Mukilteo Chamber of Commerce	<i>Amazing Race Mukilteo</i> This grant funds advertising, t-shirts and staff time for a Mukilteo-style "Amazing Race."	\$5,000	\$5,000	
City of Mukilteo Public Works Department	<i>Lighthouse Building Repairs</i> Materials and labor for repairs of the Lighthouse and Quarters buildings.	\$15,000	\$15,000	2015: \$29,000 2014: \$15,000
Mukilteo Chamber of Commerce	<i>"MUK" Marketing & Tourism Campaign</i> This grant supports the purchase of "MUK" branded items and tourism promotion.	\$35,500	\$30,000 The Committee expects to see an improvement in the number and tracking of overnight stays from this grant.	2015: \$28,800 2014: \$10,000
City of Mukilteo Recreation and Cultural Services Department	<i>Rosehill Community Center Staffing</i> This grant funds 0.5 FTE 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 increased communications between staff and the hoteliers.	2015: \$30,000
SuperCharge Marketing	<i>Social Media Services & Management:</i> This grant supports the City's social media marketing presence and content archiving on Facebook, Twitter, Pinterest, YouTube and Google+.	\$6,000	\$6,000	2015: \$ 4,200 2014: \$ 4,000 2013: \$ 3,500

Jericho Bridge Church with the Mukilteo Historical Society	<i>Walking Tour of Mukilteo</i> This grant funds the ongoing promotion of the Walking Tour of Mukilteo established in 2015.	\$4,040	\$4,000	2015: \$ 4,550
City of Mukilteo Community Development Department	<i>Mukilteo Waterfront Interim Promenade</i> This grant supports the initial survey and design work for the future waterfront promenade.	\$80,000	\$40,000	

Re-appropriate 2015 Grant Funds (\$37,000):

Name of Organization (listed in order of presentation)	Name of Project	Amount Requested	2016 Award Recommendation/ Committee Comments	Previous Grant Awards
Mukilteo Chamber of Commerce	<i>76th Street Tourism Center</i>	\$37,000	\$37,000 Re-appropriate remaining funds from 2015 grant in 2016.	2015: \$50,000 2014: \$12,000

2016 Not Recommended for Grant Awards:

Name of Organization	Name of Project	Amount Requested	Previous Grant Awards
Historic Flight Foundation	<i>Historic Flight Tourism Marketing Plan</i> This grant requested funds to support advertising, postage and printing of promotional items.	\$73,200	

EXHIBIT 2
Hotel/Motel Lodging Tax Fund (116)

	2014	2015	2015	2016	
	Estimated	Amended	Estimated	Budget	Increase/ (Decrease)
	Actuals	Budget	Actuals		
Beginning fund balance	\$185,820	\$189,251	\$192,138	\$189,605	\$354
Revenue and transfers-in					
Hotel/motel transient tax	225,251	240,000	243,507	250,000	10,000
Investment interest	1,140	1,200	0	1,200	50
Transfers-in	5,000	0	0	0	0
Total revenue and transfers-in	<u>231,391</u>	<u>241,200</u>	<u>243,507</u>	<u>251,250</u>	<u>10,050</u>
Total resources	<u>417,211</u>	<u>430,451</u>	<u>435,645</u>	<u>440,855</u>	<u>10,404</u>
Expenditures and transfers-out					
Community org. support	152,135	244,950	245,845	317,950	73,000
Insurance	186	500	195	0	(500)
Interfund loan repayment	72,469	0	0	0	0
Interfund loan interest	283	0	0	0	0
Transfers-out	0	45,000	0	0	(45,000)
Total expenditures and transfers-out	<u>225,073</u>	<u>290,450</u>	<u>246,040</u>	<u>317,950</u>	<u>27,500</u>
Ending fund balance	<u>\$192,138</u>	<u>\$140,001</u>	<u>\$189,605</u>	<u>\$122,905</u>	<u>(\$17,096)</u>