

Lodging Tax Advisory Committee

January 10, 2019

City of Yakima  
City Council  
129 North 2nd Street  
Yakima, Washington 98901

Dear Council,

On November 28, 2018, the Lodging Tax Advisory Committee (LTAC) met. Several options for different ways to structure funding for the SunDome were discussed, including phasing out lodging tax funding gradually and/or partnering to match the level of support on an even basis between City and County. The committee recognized the City's already-tight budget as foundational to the discussion, noting the City is supporting SOZO and YMCA pool with debt issuances, and the city does support the Fairground SunDome in several other ways, including an annual \$150,000 payment for SunDome debt service.

The committee ultimately decided to recommend that the City Council honor the original 2019 LTAC recommendation of \$75,000 in lodging tax funds for the SunDome. In addition, the committee suggests that council engage in an annual re-evaluation of the level of lodging tax support of SunDome operations. Finally, the LTAC also suggests that Council engage in discussions with the County on future funding options for the SunDome.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Kathy Coffey', written over a horizontal line.

Kathy Coffey  
Chair, Lodging Tax Advisory Committee

**Lodging Tax Advisory Committee  
November 28, 2018  
9:30 a.m. Meeting – Minutes**

**Roll Call – Members present:** Kathy Coffey, Charlie Robin, John Cooper, Angie Girard, Sara Allen, Collette Keeton, Lisa Vallejo, Sarah Davila, and Greg Lybeck.

**Guests:** Rich Austin, Connie Upton, Steve Groom, Jeanne Thompson

**Minutes from last meeting** – The minutes from the prior meeting were not available.

**Communications** – Discussion was held regarding the November 19, 2018 letter to the LTAC from the Yakima City Council (Attachment 1). John Cooper passed out a summary of 2019 budgeted lodging tax related activities for discussion (Attachment 2) to clarify what “Convention Center Operations” comprised. Greg Lybeck asked for clarification on past annual process. Chairman Coffey and John Cooper both concurred that in years of no funding changes there has been no meeting.

The first portion of the letter detailed the Council’s selection of candidates to receive lodging tax for 2019 as follows:

Convention Center Operations	\$670,000
Convention Center Capital	\$375,000
Capital Theatre Operations	\$205,570

- Lodging tax also funds a 2019 bond payment of \$349,070, which does not require LTAC or Council action as it was approved in its entirety when the bond was originally issued. This bond will be retired in November 2019.

**John Cooper moved that the LTAC approve the lodging tax allocations for Convention Center Operations, Convention Center Capital and Capital Theatre Operations as detailed on Attachment 2. The motion was seconded by Charlie Robin and passed unanimously.**

**John also moved that the LTAC support the City’s plan to pledge the lodging tax revenues that were paying the 2004 LTGO Bonds to pay debt service for the Convention Center expansion approved in the 2019 budget. Angie Girard seconded the motion and it passed unanimously.**

Discussion then continued regarding Council’s decision to reject funding of \$75,000 for SunDome Operations. Chairman Coffey reminded the group that the City Budget has been difficult to balance, has incurred debt for projects such as SOZO and YMCA pool, and that the City does support the SunDome through several means. Greg Lybeck, from the SunDome Board, referred to his November 21, 2018 letter to Rich Austin regarding City Council’s rejection of \$75,000 in lodging tax funding for the SunDome (Attachment 3) and the negative effects it would have on the SunDome’s ability to attract sports tournaments and other social events to Yakima.

Several options for different ways to structure funding for the SunDome were discussed, including phasing out lodging tax funding gradually and/or partnering with the County to match the level of support on an even basis.

**Charlie Robin made a motion to recommend that the City Council honor the original 2019 budgeted support of \$75,000 in lodging tax funds for the SunDome, to engage in an annual re-evaluation of the level of lodging tax support, and to suggest discussions with the County on future funding options for the SunDome. Collette Keaton seconded the motion and it passed unanimously.**

**Action Item** – The LTAC committee will draft a letter to Yakima County to suggest the City Council and the County Commissioners meet to discuss ongoing support for the SunDome.

**Continued Business** – Annual Budget Process Update

The annual budget process for disbursement of lodging tax funds was discussed. City Finance Director Steve Groom passed out current lodging tax receipts for 1997 – 2018 and for the Current year January through October for the review of the LTAC members. No action taken.

Potential future funding recipients. In the past, the LTAC would only meet if there was a need to consider new funding applications, and would then forward those recommendations to City Council for approval in the budget. If there were no new requests, funding levels would remain at the same level in subsequent years, with any excess revenue over what was originally budgeted going to the Convention Center Capital fund. However, per RCW 67.28.1817(2)

(Attachment 4), the process is designed to begin with the City Council “submitting a funding proposal to the lodging tax advisory committee for review and comment. This submission shall occur at least forty-five days before final action on or passage of the proposal by the municipality. The advisory committee shall submit comments on the proposal in a timely manner through generally applicable public comment procedures. The comments shall include an analysis of the extent to which the proposal will accommodate activities for tourists or increase tourism, and the extent to which the proposal will affect the long-term stability of the fund created under RCW 67.28.1815. Failure of the advisory committee to submit comments before final action on or passage of the proposal shall not prevent the municipality from acting on the proposal. A municipality is not required to submit an amended proposal to an advisory committee under this section.”

John Cooper did some research regarding how other municipalities handle the application process for lodging tax funds, found an example of an application form, and updated it with Yakima’s information. This example is attached (Attachment 5) as a possible standardized form. After discussion, **Angie Girard moved to accept the application as presented to use for future LTAC applications for funding. Sara Allen seconded the motion and it passed unanimously.**

There was no other new or old business discussed.

The meeting was adjourned at 10:40 a.m.



**OFFICE OF THE CITY MANAGER**  
129 North Second Street  
City Hall, Yakima, Washington 98901  
Phone (509) 575-6040

November 19, 2018

Lodging Tax Advisory Committee  
C/O Kathy Coffey, Chair  
129 North 2<sup>nd</sup> Street  
Yakima, WA 98901

Dear Committee Members:

RCW 67.28.1816(2)(b)(ii) indicates that the legislative body may only choose Lodging Tax fund recipients from the list of candidates and recommended amounts provided by the Lodging Tax Advisory Committee (LTAC). The Yakima City Council is the legislative body for the City of Yakima; from the list of candidates provided by the LTAC recommending Lodging Tax fund recipients the City Council wishes to select the following candidates to receive Lodging Tax distributions in 2019:

- Convention Center Operations
- Convention Center Capital
- Convention Center Debt
- Capitol Theater Operations

The City Council rejects the following candidate as a potential recipient of Lodging Tax funds in 2019:

- Sundome Operations- \$75,000

In accordance with RCW 67.28.1817(2), upon the LTAC's receipt of the City Council's proposed change in use of the Lodging Tax funds or recipients the LTAC has 45 days to provide comments on the proposal back to the City Council, after which time the City Council may make its selection on the designation of fund recipients and uses. Upon making its final decision regarding disbursement of the funds the Council will amend its 2019 budget accordingly.

The City Council would also like to review the LTAC application process used when seeking candidates for Lodging Tax funds. This process should identify specific dates for release of applications available to candidates seeking funding, sample applications and the basic elements of the review process and selection criteria. Please provide this information within 45 days of your receipt of this letter.

In the future, the list of recommended fund recipients and fund allocations should be submitted to the City Council no later than July 1 on any given year. The Council will then review the list and notify the LTAC of who they have selected to receive funds and in what amounts.

In the past, the timing of submitting LTAC recommendations has not allowed for proper review and has thus diminished the role of the Council. This dynamic needs to change so that the

LTAC and City may be in cooperative compliance with RCW and so that a broader sector of our community has an opportunity to apply to receive the benefit of funding if their activities and programs comply with the funding requirements and the application process.

Thank you for your partnership and collaboration.

Sincerely,

A handwritten signature in black ink, appearing to read "Cliff Moore", with a long horizontal flourish extending to the right.

Cliff Moore  
City Manager

## **Yakima Lodging Tax Funded Activities 2019 for LTAC action**

### **CONVENTION CENTER OPERATIONS (Account 170): \$ 670,000**

This includes full or partial support of Convention Center staffing, repairs, etc; YVT tourism marketing and sales; Sports Commission operations plus operation of the Visitor Information Center.

SunDome Operational Support **\$ 75,000**

### **CONVENTION CENTER CAPITAL (Account 370) \$ 375,000**

On November 6<sup>th</sup> 2018, the council approved the 2019-2022 Convention Center Capital Facility Plan which includes the expansion. Project commences in 2019 with engineering and architecture designs. The budget also includes upgrades to AV equipment and expanding a service corridor.

### **CAPITOL THEATRE OPERATIONS (Account 171) \$ 205,570**

This is the management fee with the Capitol Theatre and covers labor costs for programming, repair and maintenance.

The LTGO Bond payment of \$349,070 is bonded debt not requiring action.

***FIRST: I move that LTAC approve the Convention Center Capital budget (account 370) plus approve the Capitol Theatre Account 171 and the Convention Center Operations account 170 at \$670,000....***

***leaving the SunDome allocation for a separate discussion and action.***

***SECOND MOTION: Move that LTAC support the City's plan to bond the lodging tax revenues that were paying the 1996 Center Expansion LTGO Bonds for the approved Convention Center expansion.***

November 21, 2018

Hello Rich,

We have been made aware the Yakima City Council is looking at taking the \$75,000 that the lodging tax board has allocated to us over the last three years. If this were to happen, we would be very disappointed.

The \$75,000 has given us room to be able to make decisions for the good of both the area hotels and the City of Yakima. We have felt like we are a part of the tourism team over these last few years and have made efforts to both attract and keep events that will have a large impact for our valley. One example: the SunDome brought the WIAA 3A & 4A State Volleyball tournament to Yakima (last week) because of the zero dollar rent deal given to WIAA. Without this funding that type of deal will not be possible.

It is our hope this doesn't happen and we can continue to do things that are not always in the best financial interest of the SunDome, but in the best interest of our city and hotels.

There are things we do now that we will not be able to continue to do if this decision is made;

- Media food for all events will need to go through Spectra
- Quarterbacks Club will need to purchase all food and beverage from Spectra at published rates, when here for the WIAA events
- All WIAA meal functions will need to be provided by Spectra at their published rates, no discounts
- Socials will not be allowed unless they run through Spectra at published rates
- 3A & 4A Volleyball contract will need to be re-negotiated or cancelled
- 1B-2B-1A Volleyball tournaments will be reviewed to determine if it makes sense for us to continue to do
- YSC Volleyball Festival will need to rent the SunDome at published rates. All food will need to go through Spectra
- Parking fees will need to be increase for all WIAA events
- Facility fee will need to be raised for all WIAA events

We felt very positive about being part of the tourism team and it is our hope we can continue to be a part of it.

Greg

**RCW 67.28.1817****Lodging tax advisory committee in large municipalities—Submission of proposal for imposition of or change in tax or use—Comments.**

(1) Before proposing imposition of a new tax under this chapter, an increase in the rate of a tax imposed under this chapter, repeal of an exemption from a tax imposed under this chapter, or a change in the use of revenue received under this chapter, a municipality with a population of five thousand or more shall establish a lodging tax advisory committee under this section. A lodging tax advisory committee shall consist of at least five members, appointed by the legislative body of the municipality, unless the municipality has a charter providing for a different appointment authority. The committee membership shall include: (a) At least two members who are representatives of businesses required to collect tax under this chapter; and (b) at least two members who are persons involved in activities authorized to be funded by revenue received under this chapter. Persons who are eligible for appointment under (a) of this subsection are not eligible for appointment under (b) of this subsection. Persons who are eligible for appointment under (b) of this subsection are not eligible for appointment under (a) of this subsection. Organizations representing businesses required to collect tax under this chapter, organizations involved in activities authorized to be funded by revenue received under this chapter, and local agencies involved in tourism promotion may submit recommendations for membership on the committee. The number of members who are representatives of businesses required to collect tax under this chapter shall equal the number of members who are involved in activities authorized to be funded by revenue received under this chapter. One member shall be an elected official of the municipality who shall serve as chair of the committee. An advisory committee for a county may include one nonvoting member who is an elected official of a city or town in the county. An advisory committee for a city or town may include one nonvoting member who is an elected official of the county in which the city or town is located. The appointing authority shall review the membership of the advisory committee annually and make changes as appropriate.

(2) Any municipality that proposes imposition of a tax under this chapter, an increase in the rate of a tax imposed under this chapter, repeal of an exemption from a tax imposed under this chapter, or a change in the use of revenue received under this chapter shall submit the proposal to the lodging tax advisory committee for review and comment. The submission shall occur at least forty-five days before final action on or passage of the proposal by the municipality. The advisory committee shall submit comments on the proposal in a timely manner through generally applicable public comment procedures. The comments shall include an analysis of the extent to which the proposal will accommodate activities for tourists or increase tourism, and the extent to which the proposal will affect the long-term stability of the fund created under RCW 67.28.1815. Failure of the advisory committee to submit comments before final action on or passage of the proposal shall not prevent the municipality from acting on the proposal. A municipality is not required to submit an amended proposal to an advisory committee under this section.

[ 1998 c 35 § 3; 1997 c 452 § 5.]

**NOTES:**

**Validation of taxes imposed and collected and actions taken—Effective date—1998 c 35:** See notes following RCW 67.28.181.

**Intent—Severability—1997 c 452:** See notes following RCW 67.28.080.

**Savings—1997 c 452:** See note following RCW 67.28.181.



**Application for City of Yakima**  
**FY 2020 Lodging Tax & Tourism Promotion Grant Funds**

Incomplete and/or late applications will not be considered. Applications may not be changed or amended by the applicant after the submission deadline.

\_\_\_\_\_  
Organization/Agency

\_\_\_\_\_  
Federal Tax ID Number

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_ Tourism promotion activities  
\_\_\_\_ Tourism related facility  
\_\_\_\_ Event/Festival:

\_\_\_\_\_  
Name of Event/Festival

\_\_\_\_\_  
Location

\_\_\_\_\_  
Date

\_\_\_\_ Non-Profit (attach copy of current non-profit corporate registration with Washington Secretary of State)

\_\_\_\_ Public Agency (name): \_\_\_\_\_

Amount requested: \$ \_\_\_\_\_

Description of tourism-related activities or event:

Budget Information- How will the funds be divided within the budget?

Supplies	\$ _____
Advertising	\$ _____
Operating rentals	\$ _____
Travel	\$ _____
Other ( )	\$ _____

Number of attendees from a fifty (50) mile plus radius expected:

Number of Yakima overnight stays expected to be generated:

Target markets and region(s)(should be at least a 50 mile radius away):

Type of marketing to be used:

Target audience(s):

Attach up to two additional pages of details if needed.

I understand that if selected, my organization/agency may be required to enter a service contract with the City of Yakima.

Printed Name: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_