

**INTERLOCAL COOPERATION ACT AGREEMENT
FOR ESTABLISHMENT OF
THURSTON COUNTY TOURISM PROMOTION AREA**

THIS INTERLOCAL COOPERATION ACT AGREEMENT FOR ESTABLISHMENT OF THURSTON COUNTY TOURISM PROMOTION AREA (“Agreement”) is made and entered into by and among THURSTON COUNTY, a Class A county of the State of Washington (“Thurston County”); the CITY OF OLYMPIA, a municipal corporation of the State of Washington (“Olympia”); the CITY OF TUMWATER, a municipal corporation of the State of Washington (“Tumwater”); the CITY OF LACEY, a municipal corporation of the State of Washington (“Lacey”); the CITY OF YELM, a municipal corporation of the State of Washington (“Yelm”). Thurston County, Olympia, Tumwater, Lacey and Yelm are each a “Party” and collectively the “Parties” to this Agreement. The Parties agree as follows:

1. RECITALS

1.1 The 2003 State Legislature has recognized the importance of tourism promotion in the State of Washington and passed Chapter 148, Laws of 2003, now codified at Chapter 35.101 RCW. That law authorizes the establishment of a Tourism Promotion Area by a county and the levy of charges to fund tourism promotion.

1.2 The Operators of Lodging Businesses within the County of Thurston have presented an Initiation Petition to Thurston County seeking to have the Board of County Commissioners establish a Thurston County Tourism Promotion Area, specifically including the areas within the jurisdictions of Olympia, Tumwater, Lacey and Yelm.

1.3 The Initiation Petition submitted to the Board of County Commissioners, Exhibit “A” attached to this Agreement, included:

1.3.1 A description of the boundaries of the proposed Thurston County Tourism Promotion Area, including the areas within the jurisdiction of Olympia, Tumwater, Lacey, and Yelm; and

1.3.2 The proposed uses and projects for which the proposed revenue from the charges levied by the Thurston County Tourism Promotion Area would be dedicated, and the total estimated costs of such uses; and

1.3.3 The estimated rate for the charges to be levied on Lodging Businesses in various Zones within the Thurston County Tourism Promotion Area; and

1.3.4 The signatures of the persons who operate Lodging Businesses in the proposed Thurston County Tourism Promotion Area who would pay over sixty percent (60%) of the proposed charges levied within the area.

1.4 The Board of County Commissioners is authorized under Chapter 35.101 RCW, to enter into an Interlocal Agreement with Olympia, Tumwater, Lacey and Yelm to establish a Tourism Promotion Area, consistent with the Initiation Petition received from the Operators of Lodging Businesses, which includes the area within the jurisdictions of Olympia, Tumwater, Lacey and Yelm.

1.5 On the 29th day of July, 2013, the Clerk of the Board of County Commissioners received an Initiation Petition authorized by RCW 35.101.020 from the Operators of Lodging Businesses located within Thurston County requesting the conduct of a public hearing by the Board of County Commissioners, for the purposes of considering the establishment of a Thurston County Tourism Promotion Area to provide funds for tourism promotion in Thurston County.

1.6 On the 1st day of October, 2013, the Board of County Commissioners adopted a resolution entitled a "Resolution of Intention to Establish a Thurston County Tourism Promotion Area," for the promotion of tourism promotion within Thurston County, describing the boundaries of the proposed Thurston County Tourism Promotion Area, the proposed uses and projects to which the proposed revenues from charges levied within the Thurston County Tourism Promotion Area would be dedicated and setting the proposed rates for the charges to be levied on Lodging Businesses to fund the uses and projects of the Thurston County Tourism Promotion Area, estimating the total cost for the proposed activities and programs for the use of funds received by the Thurston County Tourism Promotion Area, fixing the date, time and place of a public hearing to be held by the Board of County Commissioners of Thurston County to consider the establishment of such a Thurston County Tourism Promotion Area, and directing the giving of notice of such public hearing.

1.7 Resolution No. 14935, entitled *A Resolution of Intention to Establish a Thurston County Tourism Promotion Area* [for the promotion of tourism and convention business within Thurston County], was duly published, and copies thereof were mailed to each Lodging Business in the proposed Thurston County Tourism Promotion Area, as provided by law.

1.8 The City Councils of Olympia, Tumwater, Lacey and Yelm have by appropriate legislative action, authorized the execution of this Agreement to permit the establishment of a Thurston County Tourism Promotion Area.

2. DEFINITIONS. As used in this Agreement, the following terms, unless the context otherwise dictates, shall have the following meaning:

2.1 “Agreement” means this interlocal cooperation agreement between Thurston County, Olympia, Tumwater, Lacey and Yelm for the establishment of a Thurston County Tourism Promotion Area by Thurston County as authorized by RCW 35.101.040(2).

2.2 “Lodging Business” means a business located within the Thurston County Tourism Promotion Area that furnishes lodging taxable by the state under chapter 82.08 RCW, and that has forty (40) or more lodging units.

2.3 “Operator” means the Operator of a Lodging Business, whether in the capacity of owner, general manager, lessee, sub lessee, mortgagee in possession, license or any other similar capacity.

2.4 “Room Revenues” means the gross per-night-charge (for each night (or day) of stay) imposed for the rental of a room or combination of rooms for Lodging.

2.5 “Charge” means the charge imposed and levied by Thurston County on the Operators of a Lodging Business within the Thurston County Tourism Promotion Area and subsequently passed on to the guests of the Lodging Business, under the authority of RCW 35.101.050 to fund tourism promotion in Thurston County. The charge(s) imposed under this Agreement are not a tax on the “sale of lodging” for the purposes of RCW 82.14.410.

2.6 “Thurston County Lodging Association” means the Thurston County Lodging Association.

2.7 “Thurston County Hotel and Motel Commission” means the Thurston County Hotel and Motel Commission, established by Thurston County, whose members are appointed by the Board of County Commissioners of Thurston County to provide recommendations to the Board of County Commissioners on proposed uses and projects of the Thurston County Tourism Promotion Area; pursuant to the provisions of RCW 35.101.130 (1), and as provided in this Agreement.

2.8 “Thurston County Metropolitan Area” means the unincorporated area of Thurston County, and the incorporated areas within Olympia, Tumwater, Lacey and Yelm.

2.9 “Thurston County Tourism Promotion Area” or “TPA” means the Tourism Promotion Area created by the County under Chapter 35.101 RCW, and as authorized by this Agreement by Olympia, Tumwater, Lacey and Yelm.

2.10 “TPA Manager” means a tourism destination marketing organization or other similar organization employed by the Board of County Commissioners to administer the operation of the Tourism Promotion Area.

2.11 "Tourism Promotion" means activities and expenditures designed to increase tourism and convention business, including but not limited to, advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists, and operating tourism destination marketing organizations as currently authorized under RCW 35.101.010(4), or as may be hereafter amended.

2.12 "Transient Basis" means the rental of a room or rooms for dwelling, lodging, or sleeping purposes by the Operator of a Lodging Business for a period of thirty (30) consecutive calendar days or less, counting a portion of a day as a full calendar day.

2.13 "Zone" or "Zones" means the distinct geographic subarea or subareas within the Thurston County Tourism Promotion Area as established by resolution of the Board of County Commissioners of Thurston County and as set forth in Exhibit "B" attached to this Agreement.

2.14 "Annual Budget" shall mean the Thurston County Tourism Promotion Area budget for a fiscal year, as adopted or amended by the Board of County Commissioners of Thurston County, after the receipt of a recommendation from the Thurston County Hotel and Motel Commission, identifying all estimated revenue from charges for the fiscal year, and providing for all proposed uses of Special Assessment revenue for the purpose of providing tourism promotion in Thurston County for the ensuing fiscal year.

3. TOURISM PROMOTION AREA TO BE ESTABLISHED BY THURSTON COUNTY.

3.1. This Agreement authorizes a "Tourism Promotion Area" designated the Thurston County Tourism Promotion Area to include the unincorporated area of Thurston County and the incorporated areas of Olympia, Tumwater, Lacey, and Yelm.

3.2. The purpose of this Agreement is to permit the Board of County Commissioners to form the Thurston County Tourism Promotion Area under RCW 35.101.040 to provide revenue to fund tourism promotion within Thurston County which will benefit the Operators of Lodging Businesses in Thurston County, Olympia, Tumwater, Lacey and Yelm.

3.3. This 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.

3.4. This Agreement is to provide direction to Thurston County on the operation of the Thurston County Tourism Promotion Area. Thurston County acknowledges that although Chapter 35.101 RCW confers authority on Thurston County to impose charges and expend

the revenue derived from those charges, Thurston County's authority to create a Tourism Promotion Area that covers the Cities of Olympia, Tumwater, Lacey and Yelm is dependent on the County and the Cities entering into this Interlocal Agreement. Thurston County further acknowledges that it can agree to limit the scope of its discretion in implementing the Thurston County Tourism Promotion Area through the terms of this Agreement, and Thurston County agrees that it will be bound by the terms of this Agreement in implementing the Thurston County Tourism Promotion Area.

4. LEVY OF CHARGES ON LODGING BUSINESSES WITHIN THE THURSTON COUNTY TOURISM PROMOTION AREA.

4.1. The Board of County Commissioners of Thurston County will levy charges on the Operators of Lodging Businesses within the Thurston County Tourism Promotion Area in accordance with the zones and levels of charges set forth in Resolution No. _____.

4.2. The Thurston County Tourism Promotion Area shall include the following two (2) zones:

4.2.1 Zone A. Zone A encompasses those Lodging Businesses located within the Tourism Promotion Area.

4.2.2 Zone B. Zone B encompasses Lodging Businesses located within the Tourism Promotion Area, as that term is addressed in WAC 458-20-166 as it presently exists or may be hereinafter amended, other than hotels, motels, and bed and breakfast facilities. Lodging Businesses within this zone, as addressed in WAC 458-20-166, would include only (i) trailer camps and recreational vehicle parks which charge for the rental of space to transients for locating or parking house trailers, campers, recreational vehicles, mobile homes, and tents; (ii) educational institutions which sell overnight lodging to person other than students; (iii) private lodging houses, dormitories and bunkhouses operated by or on behalf of businesses and industrial firms or schools solely for the accommodation of employees of such firms or student which are not held out to the public as a place where sleeping accommodations may be obtained; and (iv) guest ranches or summer camps which, in addition to supplying meals and lodging , offer special recreational facilities and instruction in sports boating, riding, outdoor facilities and instruction in sports, boating, riding, and outdoor living.

4.3. The charges within the Thurston County Tourism Promotion Area operating in the above-described zones are charges as follows:

Zone A: \$2.00 per room/day

Zone B: \$0.00 per room or space /day

4.4. Any change in the charges for any zone as set forth hereinabove shall be made only by amendment of the resolution by the Board of County Commissioners, with the approval of Olympia, Tumwater, Lacey and Yelm. No increase in the charges for any zone or change in the boundaries of any zone shall be made by the Board of County Commissioners except upon the affirmative recommendation of the Thurston County Hotel and Motel Commission.

5. USE OF REVENUES FOR THE PROMOTION OF TOURISM AND CONVENTION BUSINESS IN THURSTON COUNTY.

5.1. The revenues from charges collected by Thurston County from Lodging Businesses within the Thurston County Tourism Promotion Area shall be allocated by the Board of County Commissioners of Thurston County in accordance with the Annual Budget for the Thurston County Tourism Promotion Area. The Thurston County Hotel and Motel Commission shall make a recommendation to the Board of County Commissioners on all Annual Budgets. The Board of County Commissioners shall have the ultimate authority to set and approve all Annual Budgets.

5.2. The revenues from the charges levied by Thurston County on the Operators of Lodging Businesses situated within the Thurston County Tourism Promotion Area shall be used for the following purposes only:

- 5.2.1 The funding of all activities and expenditures designed to increase tourism promotion and convention business within Thurston County as specified in the Thurston County Tourism Promotion Area Budget.
- 5.2.2 The marketing of convention and business that benefit local tourism and the Lodging Businesses in Thurston County.
- 5.2.3 The marketing of Thurston County to the travel industry in order to benefit local tourism and the lodging businesses situated within the Thurston County Tourism Promotion Area.
- 5.2.4 The marketing of Thurston County to recruit major sporting events in order to promote local tourism and to benefit the Lodging Businesses within the Thurston County Tourism Promotion Area.
- 5.2.5 The promotion of tourism activities and investment across all jurisdictions within Thurston County.

6. ESTABLISHMENT OF THE THURSTON COUNTY HOTEL AND MOTEL COMMISSION.

6.1. Thurston County shall, under RCW 35.101.130(1) create a seven (7) member Thurston County Hotel and Motel Commission to advise the Board of County Commissioners on the expenditure of revenues by the Thurston County Tourism Promotion Area to fund tourism promotion in Thurston County.

6.2. Members of the Thurston County Hotel and Motel Commission shall be selected by the Board of County Commissioners from a list of nominees prepared by the Thurston County Hotel and Motel Association. All nominees for membership on the Thurston County Hotel and Motel Commission must be Operators of Lodging Businesses within Thurston County or employed by the Operator of such a Lodging Business.

6.3. The Board of County Commissioners of Thurston County shall appoint all members of the Thurston County Hotel and Motel Commission. Any vacancy, on the Thurston County Hotel and Motel Commission, arising from a resignation or other cause, shall be filled by the Board of County Commissioners, from the list of nominees prepared by the Thurston Hotel and Motel Association, within thirty (30) days from the date the "vacancy occurs".

6.4. The initial members of the Thurston County Hotel and Motel Commission shall serve staggered terms, with two members serving a one-year term, two members serving for two-year terms, and three members serving for three-year terms. The length of the term for each individual member of the initial Thurston County Hotel and Motel Commission shall be chosen by lot at the first meeting of the Commission. Thereafter, all members subsequently appointed to the Thurston County Hotel and Motel Commission shall serve for three-year terms.

7. CONTRACT FOR MANAGEMENT OF THURSTON COUNTY TOURISM PROMOTION AREA.

7.1. The Board of County Commissioners shall contract with a TPA Manager. The contract shall be awarded consistent with all applicable Thurston County laws, ordinances and regulations. The contract shall require the TPA Manager to comply with all applicable provisions of law, including Chapter 35.101 RCW, all Thurston County resolutions and ordinances as well as all regulations lawfully imposed by the state auditor or other state agencies.

7.2. The TPA Manager will be responsible for administering the activities and programs of the Thurston County Tourism Promotion Area and to prepare an Annual Budget for the Thurston County Tourism Promotion Area to be reviewed and approved by the Thurston County Hotel and Motel Commission and submitted to the Board of County

Commissioners of Thurston County on or before November 1st of each year. The TPA Manager shall also act as staff to the Thurston County Hotel and Motel Commission in conjunction with assisting it in determining what activities and programs to recommend for funding from the charges.

7.3. The Annual Budget for the Thurston County Tourism Promotion Area shall consist of:

7.3.1 A list of the Lodging Businesses subject to charges and an estimate of the revenue to be received from all such Lodging Businesses; and

7.3.2 A statement of the proposed budget for all Thurston County Tourism Promotion Area activities and programs recommended by the Thurston County Hotel and Motel Commission to be funded from Tourism Promotion Area charge revenues during the ensuing fiscal year.

7.4. All charge revenues received by Thurston County from the Washington State Department of Revenue and any interest therein shall be deposited by Thurston County in a special account. Payments to the TPA Manager will be made as provided for in the agreement between the Thurston County and the TPA manager. Provided, however, no charge revenues shall be dispersed in any fiscal year until after the adoption of that year's budget, provided further, Thurston County shall not expend in any charge revenues in excess of the approved budget.

7.5. Thurston County shall retain an amount equal to the indirect administrative costs for maintaining the special fund established under this agreement as determined by the Thurston County Auditor, Financial Services Office, as part of the annual budget development. In no case shall the amount retained be greater than five percent of the annual revenue received.

7.6. In the event of the disestablishment of the Thurston County Tourism Promotion Area, any funds remaining shall be disbursed as recommended by the Thurston County Hotel and Motel Commission for purposes in accordance with Section 5.2 of this agreement.

8. MODIFICATION OR DISESTABLISHMENT OF THE THURSTON COUNTY TOURISM PROMOTION AREA.

8.1. The Board of County Commissioners, by appropriate action, may modify the provisions of the resolution establishing the Thurston County Tourism Promotion Area or provide for the disestablishment of the Thurston County Tourism Promotion Area, after adopting a resolution of intention to such effect. Such resolution of intention shall describe the change or changes proposed, or indicate that it is the intention to disestablish

the Thurston County Tourism Promotion Area, and shall state the time and place of a public hearing to be held by the Board of County Commissioners of Thurston County to consider the proposed action.

8.2. If the Operators of Lodging Businesses which pay over fifty percent (50%) of the charges levied within the Thurston County Tourism Promotion Area file a petition with the Clerk of the Board of Thurston County Commissioners requesting the Board of County Commissioners adopt a resolution of intention to modify or disestablish the Thurston County Tourism Promotion Area, the Board of County Commissioners shall adopt such resolution and act upon it as required by law. Signatures on such petition shall be those of a duly authorized representative of the Operators of Lodging Businesses in the Thurston County Tourism Promotion Area.

8.3. In the event the resolution proposes disestablishment of the Thurston County Tourism Promotion Area, the Board of County Commissioners shall disestablish the Thurston County Tourism Promotion Area; unless at such public hearing, protest against disestablishment is made by the Operators of Lodging Businesses paying over fifty percent (50%) of the charges in the Thurston County Tourism Promotion Area.

9. MISCELLANEOUS PROVISIONS.

9.1. Duration and Termination of this Agreement. This Agreement shall continue in full force and effect until such time as the Thurston County Tourism Promotion Area is disestablished by action of the Board of County Commissioners as provided in Section 8 above. Following termination of this Agreement, Thurston County shall expend any remaining unallocated revenue from charges for tourism promotion in Thurston County.

9.2. Waiver. No officer, employee, or agent of Thurston County, Olympia, Tumwater, Lacey, and Yelm has the power, right, or authority to waive any of the conditions or provisions of this Agreement. No waiver of any breach of this Agreement by Thurston County, Olympia, Tumwater, Lacey and Yelm shall be held to be a waiver of any other or subsequent breach. Failure of Thurston County, Olympia, Tumwater, Lacey, or Yelm to enforce any of the provisions of this Agreement or to require performance of any of the provisions herein, shall in no way be construed to be a waiver of such conditions, nor in any way effect the validity of this Agreement or any part hereof, or the right of Thurston County, Olympia, Tumwater, Lacey and Yelm to hereafter enforce each and every such provision.

9.3. Records. All records prepared, owned, used or retained by the TPA Manager in conjunction with operating or administering the activities and programs of the Thurston County Tourism Promotion Area under this Agreement shall be deemed records of Thurston County and shall be made available by the TPA Manager upon request by Thurston County, Olympia, Tumwater, Lacey, Yelm, State Auditor or their authorized

representatives. The contract between Thurston County and the TPA Manager shall include a provision requiring the TPA Manager to provide documents to each jurisdiction in a timely manner as requested by that jurisdiction.

9.4. Property and Equipment. Thurston County shall be the owner of all property and equipment purchased by the TPA Manager from charge revenues. Provided, however, in the event of the termination of the Agreement with the TPA Manager, Thurston County agrees to make the property and/or equipment available to the successor TPA Manager for its use in conjunction with providing similar services. Provided further, in the event of disestablishment of the Thurston County Tourism Promotion Area, all property and equipment purchased by the TPA Manager from charge revenues shall revert to the county, and be utilized for the promotion of tourism in Thurston County.

9.5. Integration. This Agreement contains all of the terms and conditions agreed upon by Thurston County, Olympia, Tumwater, Lacey, and Yelm concerning the establishment of the Thurston County Tourism Promotion Area by the Board of County Commissioners of Thurston County and the collection of charges from Lodging Businesses. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto. The parties have read and understand all of this Agreement, and now state that no representation, promise, or agreement not expressed in this Agreement has been made to induce the officials of Thurston County, Olympia, Tumwater, Lacey and Yelm to execute this Agreement.

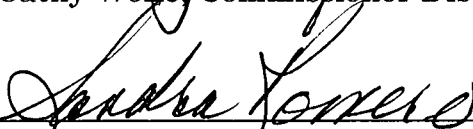
9.6. Severability. In the event any provision of this Agreement shall be declared by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not, in any way, be affected or impaired thereby.


9.7. Execution of Agreement. This Agreement shall become effective after it is duly authorized by the Board of County Commissioners of Thurston County, Olympia, Tumwater, Lacey and Yelm, and executed by the authorized representative of each Party. The Agreement shall be filed with the County Auditor of Thurston County, and the City Clerk of each of Olympia, Tumwater, Lacey and Yelm, and the Secretary of State of the State of Washington. The Agreement Effective Date shall be the last date shown below.

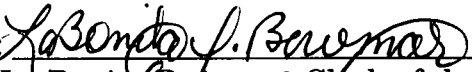
IN WITNESS WHEREOF, the City of Olympia, the City of Tumwater, the City of Lacey, the City of Yelm, and Thurston County have executed this Agreement by their duly authorized officials pursuant to all requirements of law.

BOARD OF COUNTY COMMISSIONERS

By: 
Cathy Wolfe, Commissioner District 1

By: 
Sandra Romero, Commissioner District 2


By: 
Karen Valenzuela, Commissioner District 3

Attest: 
La Bonita Bowmar, Clerk of the Board

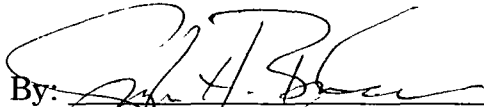
Date: October 29, 2013


Approved as to form:

Jon Tunheim
Prosecuting Attorney

By: 
Elizabeth Petrich
Senior Deputy Prosecuting Attorney

CITY OF OLYMPIA

By: 
Stephen H. Buxbaum, Mayor

Attest: 
City Clerk

Date: 10/16/13

Approved as to form:


Tom Morrill, City Attorney

CITY OF TUMWATER

By: _____
Pete Kmet, Mayor

Attest: _____
Melody Valiant, City Clerk

Date: _____

Approved as to form:

Karen Kirkpatrick, City Attorney

CITY OF OLYMPIA

By: _____
Stephen H. Buxbaum, Mayor

Attest: _____
City Clerk

Date: _____

Approved as to form:

Tom Morrill, City Attorney

CITY OF TUMWATER

By: Pete Kmet
Pete Kmet, Mayor

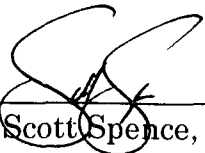
Attest: Melody Valiant
Melody Valiant, City Clerk


Date: 10-21-2013

Approved as to form:

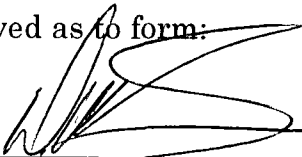
Karen Kirkpatrick
Karen Kirkpatrick, City Attorney


CITY OF LACEY

By:  _____
Scott Spence, City Manager

Attest:  _____
Carol Litten, City Clerk

Date: 10-29-13

Approved as to form: 

 _____
Kenneth R. Ahlf, City Attorney

CITY OF YELM

By: _____
Ron Harding, Mayor

Attest: _____
City Clerk

Date: _____

Approved as to form:

City Attorney

CITY OF LACEY

By: _____
Scott Spence, City Manager

Attest: _____
City Clerk

Date: _____

Approved as to form:

Kenneth R. Ahlf, City Attorney

CITY OF YELM

By: *Ron Harding*
Ron Harding, Mayor

Attest: *Gamine Ahnert*
City Clerk

Date: 10/22/13

Approved as to form:
P. Stephen DiJulio
FOSTER PEPPER PLLC
SPECIAL ASSISTANT
City Attorney



Shaping
our community
together

CITY OF **LACEY**

420 COLLEGE STREET SE
LACEY, WA 98503-1238

HAND DELIVERED
TO COUNTY
COMMISSIONERS
OFFICE
10-29-13
3pm

CITY COUNCIL

- VIRGIL CLARKSON
Mayor
- JASON HEARN
Deputy Mayor
- JEFF GADMAN
- LENNY GREENSTEIN
- RON LAWSON
- CYNTHIA PRATT
- ANDY RYDER
- CITY MANAGER
SCOTT H. SPENCE

October 29, 2013

La Bonita Bowmar, Clerk of the Board
Board of Thurston County Commissioners
Building #1, Room 269
2000 Lakeridge Drive SW
Olympia WA 98502-6045

RE: Signature of Interlocal Agreement to Establish Tourism Promotion Area

The Lacey City Council authorized the City Manager to sign the Interlocal Cooperation Act Agreement at its October 17, 2013, meeting.

Enclosed please find five (5) partially executed copies of the Interlocal Cooperation Act Agreement between the cities of Lacey, Olympia, Tumwater, Yelm and Thurston County to establish the Thurston County Tourism Promotion Area.

Once these agreements have been approved and signed by all jurisdictions, please send one (1) fully executed copy to my attention.

City of Lacey
Carol Litten, City Clerk
420 College St
Lacey WA 98503

If you have questions, please contact me at 360.438.2625 or clitten@ci.lacey.wa.

Thank you.

Carol Litten, CMC
City of Lacey
420 College St SE
Lacey WA 98503
360.438.2625
clitten@ci.lacey.wa.us

Carol Litten

From: La Bonita Bowmar <bowmarl@co.thurston.wa.us>
Sent: Monday, June 09, 2014 2:37 PM
To: Carol Litten; jkirkemo@ci.olympia.wa.us; janines@ci.yelm.wa.us; Robin Campbell; mvaliant@co.tumwater.wa.us
Subject: Tourism Promotion Area, Thurston County Ordinance #14941
Attachments: 14941.pdf; La Bonita Bowmar.vcf

Attached is the Tourism Promotion Area Ordinance #14941 adopted by the Board of County Commissioners on October 29, 2013. If you have any questions please contact LaBonita I. Bowmar, Clerk of the Board at 360-754-3355, extension 6308.

LaBonita I. Bowmar,
Clerk of the Board
Thurston County Commissioners Office
360-754-3355, ext 6308
[bowmarl@co.thurston.wa.us/](mailto:bowmarl@co.thurston.wa.us)

ORDINANCE NO. 14941

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF THURSTON COUNTY, WASHINGTON, ESTABLISHING A TOURISM PROMOTION AREA, IMPOSING A CHARGE FOR THE FURNISHING OF LODGING BY A LODGING BUSINESS LOCATED IN THE TOURISM PROMOTION AREA, PROVIDING FOR THE COLLECTION OF THE CHARGE, PROVIDING FOR THE ADMINISTRATION OF THE CHARGE, AND OTHER MATTERS RELATED THERETO.

WHEREAS, Chapter 35.101 RCW authorizes Thurston County to establish a Tourism Promotion Area to levy charges to fund tourism promotion after receiving a valid initiation petition and holding a properly noticed public hearing; and

WHEREAS, on July 29, 2013, the operators of lodging businesses within Thurston County have presented a valid initiation petition to Thurston County seeking to have the Board of County Commissioners establish a Thurston County Tourism Promotion Area, specifically including the areas within the jurisdictions of Olympia, Tumwater, Lacey and Yelm; and

WHEREAS, on October 1, 2013, the Thurston County Board of County Commissioners adopted Resolution No. 14935, Resolution of Intention, setting a public hearing for October 29, 2013 at 3:00 p.m. at the Thurston County Courthouse, Building 1, Room 280, to consider comment regarding the establishment of the Thurston County Tourism Promotion Area; and

WHEREAS, a copy of the Resolution of Intention was published in the local newspaper, and mailed to each lodging business in the proposed area, at least ten days prior to the scheduled public hearing; and

WHEREAS, lodging businesses in the area which would pay a majority of the proposed charges did not protest the establishment of the Thurston County Tourism Promotion Area at the public hearing; and

WHEREAS, a County may establish a tourism promotion area, which includes within the boundaries of the area portions of its own jurisdiction and other jurisdictions, if the other jurisdictions and County adopt an interlocal agreement pursuant to ch. 39.34 RCW; and

WHEREAS, Thurston County and the cities of Olympia, Tumwater, Lacey and Yelm have entered into an interlocal agreement for establishment of a Thurston County Tourism Promotion Area.

NOW THEREFORE, the Board of County Commissioners of Thurston County, Washington hereby ordains as follows:

SECTION NO. 1: THURSTON COUNTY TOURISM PROMOTION AREA

The Thurston County Tourism Promotion Area is established.

SECTION NO. 2: BOUNDARIES OF THE TOURISM PROMOTION AREA

The boundary of the Thurston County Tourism Promotion Area includes all unincorporated and incorporated areas of Thurston County.

SECTION NO 3: USES AND PROJECTS

The revenues from the charges that will be levied by Thurston County on the operators of lodging businesses situated within the Thurston County Tourism Promotion Area shall be used for the following purposes only:

- 3.1 The funding of all activities and expenditures designed to increase tourism promotion and convention business within Thurston County as specified in the Thurston County Tourism Promotion Area Budget.
- 3.2 The marketing of convention business that benefits local tourism and the Lodging Businesses in Thurston County.
- 3.3 The marketing of Thurston County to the travel industry in order to benefit local tourism and the lodging businesses situated within the Thurston County Tourism Promotion Area.
- 3.4 The marketing of Thurston County to recruit major sporting events in order to promote local tourism and to benefit the Lodging Businesses within the Thurston County Tourism Promotion Area.
- 3.5 The promotion of tourism activities and investment across all jurisdictions within Thurston County.

The total estimated cost of the above described uses and projects will match the proposed revenue which is estimated to be between \$400,000.00 to \$900,000.00 annually.

SECTION NO 4: RATE OF CHARGES

4.1 The Thurston County Tourism Promotion Area shall include the following two (2) zones:

- 4.1.1 Zone A. Zone A encompasses those Lodging Businesses located within the Tourism Promotion Area.

4.1.2 **Zone B.** Zone B encompasses Lodging Businesses located within the Tourism Promotion Area, as that term is addressed in WAC 458-20-166 as it presently exists or may be hereinafter amended, other than hotels, motels, and bed and breakfast facilities. Lodging Businesses within this zone, as addressed in WAC 458-20-166, would include only (i) trailer camps and recreational vehicle parks which charge for the rental of space to transients for locating or parking house trailers, campers, recreational vehicles, mobile homes, and tents; (ii) educational institutions which sell overnight lodging to persons other than students; (iii) private lodging houses, dormitories and bunkhouses operated by or on behalf of businesses and industrial firms or schools solely for the accommodation of employees of such firms or students which are not held out to the public as a place where sleeping accommodations may be obtained; and (iv) guest ranches or summer camps which, in addition to supplying meals and lodging, offer special recreational facilities and instruction in sports boating, riding, outdoor facilities and instruction in sports, boating, riding, and outdoor living.

4.2. The charges within the Thurston County Tourism Promotion Area operating in the above-described zones are as follows:

Zone A: \$2.00 per room/day

Zone B: \$0.00 per room or space/day

SECTION NO. 5: OPERATION, MANAGEMENT AND DISESTABLISHMENT

The operation, management and disestablishment of the Thurston County Tourism Promotion Area is fully set forth in the Interlocal Cooperation Act Agreement For Establishment of Thurston County Tourism Promotion Area (Agreement) signed by Thurston County and the cities. This Agreement is attached as Appendix A which is incorporated herein by reference.

SECTION NO. 6: EFFECTIVE DATE

This Ordinance shall take effect as soon as the Washington State Department of Revenue is capable of administering the Ordinance as set forth in written documentation received from the Department. It is anticipated that the effective date will be _____.

SECTION NO. 7: SEVERABILITY

If any part or provision of this Ordinance or its application to any person or circumstance is held

invalid, it is the intent of the Board of County Commissioners of Thurston County that the remainder of this Ordinance or its application of the provisions to other persons or circumstances is not affected.

ADOPTED: October 29, 2013

ATTEST:

BOARD OF COUNTY COMMISSIONERS
Thurston County, Washington

Roberto L. Borromeo
Clerk of the Board

Andrea Jensen
Chairman

APPROVED AS TO FORM:

JON TUNHEIM
PROSECUTING ATTORNEY

Cathy Stelfox
Commissioner

By: Elizabeth Petrich
Elizabeth Petrich
Senior Deputy Prosecuting Attorney

Karen Valenzuela
Commissioner

**MINUTES OF LACEY CITY COUNCIL WORKSESSION
THURSDAY, OCTOBER 17, 2013
LACEY CITY HALL
7:00 P.M.**

COUNCIL PRESENT: V. Clarkson, J. Hearn, A. Ryder, R. Lawson, L. Greenstein, C. Pratt, J. Gadman

STAFF PRESENT: S. Spence, T. Woo, K. Ahlf, C. Litten, L. Gotelli, P. Brooks, D. Pierpoint, S. Egger, T. Palmateer

COUNCILMEMBER LAWSON MOVED TO APPROVE THE AGENDA. COUNCILMEMBER GADMAN SECONDED. MOTION CARRIED.

LOTT STATE OF THE UTILITY REPORT

Michael Strub, Executive Director, presented the LOTT 2013 State of the Utility Report, an annual review of the LOTT Clean Water Alliance's performance over the past year. The report highlights LOTT's key accomplishments and activities planned for 2013. The mission of the LOTT Clean Water Alliance is to preserve and protect public health and the environment by cleaning and restoring water resources for our communities

In 2012, LOTT's accomplishments included treating over 4.6 billion gallons of wastewater, producing over 300 million gallons of Class A Reclaimed Water, and managing over \$750 million worth of facilities. At the same time, LOTT was actively involved in several large-scale capital projects – most notably the Primary Sedimentation Basins project at the Budd Inlet Treatment Plant and the Membrane Replacement project at the Martin Way Reclaimed Water Plant.

Reclaimed Water

Production of reclaimed water continued to grow at the Budd Inlet Reclaimed Water Plant, due to new uses of the water in the East Bay area. At the Martin Way Reclaimed Water Plant, production dropped significantly, as the plant was taken off-line in September to allow for construction of the Membrane Replacement project. The project is scheduled for completion by the fall of 2013, when production of reclaimed water will begin again. Estimated project cost is \$3.2 million.

Primary Sedimentation Basins

The Primary Sedimentation Basins project at the Budd Inlet Treatment Plant replaces one of the oldest pieces of the wastewater treatment plant at an estimated cost of \$60 million dollars.

2014 Finance Rate Plan

The proposed 2014 Finance/Rate Plan sets the Wastewater Service Charge at \$35.01 per month per ERU, and the Capacity Development Charge at \$4,924.54 per ERU. The projected increase is 3% inflation index.

Groundwater Recharge Scientific Study

In 2012, LOTT initiated work on the Groundwater Recharge Scientific Study – a long-term, large-scale collaborative effort of the four LOTT partner governments, with participation from other interested parties, including the Squaxin Island Tribe and the Washington State Department of Ecology. The study will provide data currently lacking regarding local groundwater conditions, levels of compounds of potential concern in the environment, levels in wastewater and reclaimed water, and the fate and transport of residual compounds when reclaimed water is reused or recharged. LOTT contracted with HDR Engineering, Inc. to assist with phase one of the study. Work completed in 2012 included a literature review of the State of the Science and establishment of a Community Advisory Group to assist with the public involvement activities related to the study. Estimated cost of the study is \$4.5 million.

TOURISM PROMOTION AREA (TPA) UPDATE

Liz Gotelli, Human Resources and Public Affairs Director, provided an update of the Tourism Promotion Area (TPA).

The TPA would raise funds to promote tourism, market conventions, trade shows and the local travel industry as well as to recruit sporting events for Thurston County. Lodging businesses within the TPA would charge and collect a special assessment of \$2.00 per room/day, raising an estimated \$400,000 to \$900,000, depending on actual occupancy rates.

In order to establish a countywide TPA that includes the municipalities with applicable lodging businesses, an inter-local agreement with the Cities of Olympia, Tumwater, Lacey and Yelm is required by RCW 35.101.040 (2).

On October 1, 2013, the County published and distributed its Resolution of Intention to establish a Tourism Promotion Area, with notice for a public hearing on October 29, 2013. The Resolution of Intention was prepared after the County received a petition from hotel and motel operators representing over 60 percent of the total rooms available for lodging in Thurston County.

To date, five hotels out of the eight hotels in Lacey (i.e., Candlewood, Holiday Inn Express, La Quinta, Quality Inn Lacey, and Super 8 Lacey) representing 374 rooms out of a total of 652, or 57 percent, have indicated a willingness to participate in the TPA.

The Cities of Olympia and Tumwater took action on the inter-local agreement on October 15. The City of Yelm is scheduled to take action on October 22.

The inter-local agreement addresses the following key areas:

- The agreement is intended to provide a supplemental source of funding for tourism promotion in Thurston County. While it is not intended to modify existing funding or support for tourism promotion, it also does not and cannot bind the current Council for future Councils to specific funding amounts for the Visitor and Convention Bureau.
- A seven-member Thurston County Hotel and Motel Commission will be established to advise the Board of County Commissioners on the expenditure of revenues collected.
- The Board of County Commissioners will contract with a TPA Manager to administer the activities and programs of the TPA and to prepare an annual budget.
- Thurston County will retain indirect administrative costs for maintaining the fund. At no time will the amount be greater than five percent of the annual revenue received. Councilmember Ryder raised concerns about the County collecting an administrative fee for maintaining the fund, when they will contract with the Olympia, Lacey Tumwater Visitor and Convention Bureau to administer the activities. He noted in other counties, the administrative fee has been waived.
- If the inter-local agreement is terminated, Thurston County will expend any remaining unallocated revenue for tourism promotion in Thurston County. In the event of the dissolution of the TPA, all property and equipment purchased by the TPA Manager will revert to the County and be utilized for the promotion of tourism in Thurston County.

COUNCILMEMBER GADMAN MOVED TO AUTHORIZE THE CITY MANAGER TO SIGN THE IGA TO ESTABLISH THE THURSTON COUNTY TOURISM PROMOTION AREA. COUNCILMEMBER PRATT SECONDED. MOTION CARRIED.

TANGLEWILDE EAST ULID (3-B)

Scott Egger, Public Works Director, briefed the Council on options for establishing a ULID for Tanglewilde East (3-B) following testimony at a public hearing on October 10, 2013.

Originally, the City was petitioned by Tanglewilde East 3-B requesting assistance in forming a ULID to finance sewer connection to wastewater facilities, because of their failing community septic system. Following this request, the City polled

property owners on Skokomish Way to determine whether they would like to participate in the ULID. The majority of property owners on Skokomish Way responded positively so the City took the necessary steps to include Skokomish Way properties in the ULID. Concerns were expressed by Skokomish Way property owners at the hearing that the cost of the ULID (approximately \$28,000 per household) created a financial hardship for them.. Therefore the City Council voted to not form the ULID which included Skokomish Way and asked Staff to investigate forming a new ULID structured to only include Tangelwilde 3B.

During the Worksession, Staff briefed the Council on the benefits of hiring a specialized appraiser to perform a financial benefit analysis on a few sample properties within Tanglewilde East 3B. The financial benefit analysis will estimate the benefit that the ULID provides to those sample properties. This analysis will provide Staff and Council guidance on whether to proceed with the formation of a new ULID.

COUNCILMEMBER RYDER MOVED TO AUTHORIZE THE CITY ATTORNEY TO MOVE FORWARD WITH AN APPRAISAL AND RISK ANALYSIS IN FORMING A ULID. COUNCILMEMBER PRATT SECONDED. MOTION CARRIED.

STANDING GENERAL COMMITTEES

General Government & Public Safety Committee

Councilmember Lawson reported the Committee met on September 20, 2013, to discuss amendments to Parks Rules and Regulations, and the naming of Longs Pond at Woodland Creek Community Park.

Finance & Economic Committee

Mayor Clarkson reported the Committee met on September 23, 2013, and received an update from the Economic Development Council regarding the Cluster Analysis Study, and the JBLM White Paper.

BOARDS & COMMISSIONS REPORTS

ORCAA

Councilmember Pratt reported that DOE has funds available to reduce diesel emissions.

Sustainable Thurston Regional Task Force

Councilmember Gadman reported the economic section of the Sustainable Development Plan will be enhanced with new language.

TCOMM

Councilmember Greenstein reported the Board is in the process of reviewing the 2014 draft preliminary budget and has concerns about budget issues. The Board will receive a budget presentation at its next meeting. In other business, the Board is seeking clarification about discrepancies in revenue received by TCOMM.

EDC

Councilmember Ryder reported the EDC applied for and received a Small Business Administration grant to fund a Women's Business Resource Center.

TPB

Councilmember Ryder reported the Board will meet to discuss the I-5 traffic corridor.

VCB

Councilmember Ryder reported the creation of the Tourism Promotion Area is moving forward. In other business, the VCB has negotiated a 20% reduction on the rental rate at its location on the capitol campus.

Human Trafficking

Deputy Mayor Hearn reported the Human Trafficking Impact Summit was a great success and has initiated conversation about the issue.

Intercity Transit

Mayor Clarkson reported discussions continue about the need for public transit in the northeast area of Lacey. The lack of federal funding has had a significant impact on public transit.

Mayor Clarkson adjourned the meeting at 9:13 p.m.



**CITY COUNCIL WORKSESSION
OCTOBER 17, 2013**

SUBJECT: Inter-local Cooperation Act Agreement for Establishment of Thurston County Tourism Promotion Area (TPA)

RECOMMENDATION: Authorize the City Manager to sign the Interlocal Cooperation Act Agreement for Establishment of Thurston County Tourism Promotion Area

STAFF CONTACT: Scott Spence, City Manager
Liz Gotelli, Public Affairs and Human Resources Director

ORIGINATED BY: City Manager and Department of Public Affairs and Human Resources

ATTACHMENTS: 1. Inter-local Cooperation Act Agreement for Establishment of Thurston County Tourism Promotion Area

**BUDGET IMPACT/
SOURCE OF FUNDS:** No additional budget impact is anticipated. Revenue for the program will be generated solely from a special assessment to lodging businesses within the tourism promotion area.

**PRIOR COUNCIL/
COMMISSION/
COMMITTEE REVIEW:** Council discussed the concept of a TPA at work sessions on January 3, 2013, and on September 5, 2013.

BACKGROUND:

The Thurston County Board of Commissioners received a qualifying petition on July 29, 2013, to create a Thurston County Tourism Promotion Area (TPA). The TPA would be established to raise funds to promote tourism, market conventions, trade shows and the local travel industry as well as to recruit sporting events for Thurston County. Lodging businesses within the TPA would charge and collect a special assessment of \$2.00 per room/day, raising an estimated \$400,000 to \$900,000, depending on actual occupancy rates.

In order to establish a countywide TPA that includes the municipalities with applicable lodging businesses, an inter-local agreement with the Cities of Olympia, Tumwater, Lacey and Yelm is required by RCW 35.101.040 (2).

On October 1, 2013, the County published and distributed its Resolution of Intention to establish a Tourism Promotion Area, with notice for a public hearing on October 29, 2013. The Resolution of Intention was prepared after the County received a petition from hotel and motel operators representing over 60 percent of the total rooms available for lodging in Thurston County.

Following the public hearing, the Board of County Commissioners may adopt a resolution to create a Thurston County TPA, provided the respective legislative bodies of the involved jurisdictions (Lacey, Olympia, Tumwater, and Yelm) sign the inter-local agreement and return it to the County prior to October 29, 2013. The County will be the last signatory.

To date, five hotels out of the eight hotels in Lacey (i.e., Candlewood, Holiday Inn Express, La Quinta, Quality Inn Lacey, and Super 8 Lacey) representing 374 rooms out of a total of 652, or 57 percent, have indicated a willingness to participate in the TPA.

The Cities of Olympia and Tumwater are scheduled to take action on the inter-local agreement on October 15. The City of Yelm is scheduled to take action on October 22.

The inter-local agreement addresses the following key areas:

- The agreement is intended to provide a supplemental source of funding for tourism promotion in Thurston County. While it is not intended to modify existing funding or support for tourism promotion, it also does not and cannot bind the current Council for future Councils to specific funding amounts for the Visitor and Convention Bureau.
- A seven-member Thurston County Hotel and Motel Commission will be established to advise the Board of County Commissioners on the expenditure of revenues collected. Members of the advisory Commission will be selected by the Board of County Commissioners from a list of nominees prepared by the Hotel and Motel Commission.
- The Board of County Commissioners will contract with a TPA Manager to administer the activities and programs of the TPA and to prepare an annual budget.
- Thurston County will retain indirect administrative costs for maintaining the fund. At no time will the amount be greater than five percent of the annual revenue received.
- If the inter-local agreement is terminated, Thurston County will expend any remaining unallocated revenue for tourism promotion in Thurston County. In the event of the dissolution of the TPA, all property and equipment purchased by the TPA Manager will revert to the County and be utilized for the promotion of tourism in Thurston County.

ADVANTAGES:

1. Creates an additional source of revenue for the promotion of tourism activities in Lacey that is supported by a majority of hotel and motel businesses in the area.

DISADVANTAGES:

1. None known.