



City Council Report

Date: July 5, 2016
To: City Council
Through: Christopher J. Brady, City Manager
From: Natalie Lewis, Deputy City Manager
Subject: FY 16/17 Agreement with Visit Mesa (Citywide)



Purpose and Recommendation

Council is requested to approve the proposed Visit Mesa FY 16/17 Annual Agreement for the transfer of Transient Lodging Tax (TLT) funds, used to promote tourism and convention activities as well as community/civic events and sports that bring visitors to Mesa.

Background and Discussion

Arizona Revised Statutes require that a certain portion of (TLT) bed tax collections be invested in the promotion of tourism. Visit Mesa is a non-profit organization whose mission is the promotion of tourism, including sporting and community events and cultural exhibits in Mesa.

Since the inception of the 3% TLT, the City of Mesa has entered into an annual agreement with Visit Mesa to outline the distribution of revenues collected and to ensure funds provided to Visit Mesa promote tourism-building activities and events and convention business in Mesa. In November of 2010, City of Mesa voters approved an increase of 2% in the TLT, which increased the tax from 3% to its current rate of 5%. Exhibit A is the proposed agreement and resolution for FY 16/17.

Below is the agreed upon distribution of revenues collected from the 5% tax.

From the 3% TLT

The terms of the agreement allow the City to retain \$25,000 as an administrative fee, \$200,000 for capital needs at the Mesa Convention Center and \$100,000 for capital needs related to spring training facilities.

From the 2% TLT

The City will transfer a cap of up to \$500,000* (\$41,666.67 monthly) during the term of this agreement. The City retains the balance of the funds for use at its own discretion. *Note: this cap amount increased this year from \$350,000 to \$500,000 per 2010 negotiations between City and Visit Mesa related to distribution of new funding (Exhibit B). This adjustment in funding is reflected in the City's 2016/17 recommended budget.

In addition, and as part of the Annual Agreement, Visit Mesa is required to submit an estimated year-end budget for the current FY 15/16 (See attached Agreement, Exhibit A) and a proposed budget for the coming year FY 16/17 (See attached Agreement, Exhibit C).

Alternatives

Council may choose not to enter into the Agreement or to request updates to this agreement prior to Council approval. Arizona Revised Statute requires that a portion of the TLT must be spent for the promotion of tourism either directly by the City or by a nonprofit organization.

Fiscal Impact

There is no anticipated fiscal impact to the City, as funds are generated from TLT collections.

Coordinated With

The agreement has been reviewed and approved by representatives of Visit Mesa.

Exhibit

Attachments: Exhibit A: Visit Mesa FY 16/17 Annual Agreement. Note: includes exhibits of FY 15/16 Year-End Projections and FY 16/17 Proposed Program and Budget
Exhibit B: Negotiated 2% TLT Cap payment schedule