



City Council Report

Date: June 26, 2017
To: City Council
Through: Christopher J. Brady, City Manager
From: Natalie Lewis, Deputy City Manager
Subject: Three-year Agreement with Visit Mesa (FY17/18 – FY 19/20)
(Citywide)

Purpose and Recommendation

Council is requested to approve a Resolution (Exhibit 1) to accept a proposed three-year (FY17/18 to FY19/20) Agreement between the City and Visit Mesa for the transfer of Transient Lodging Tax (TLT) funds, invested by Visit Mesa 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 used in the promotion of tourism. Visit Mesa is a non-profit organization whose mission is the promotion of tourism, including the marketing and support of sporting and community events and cultural exhibits in Mesa. (See Exhibit 2 for Visit Mesa Activity Report for key performance outcomes and statistics, current as of April 2017. Additional monthly reports available, upon request. Also see Exhibit 3 for room night performance statistics.)

Based on interest from Visit Mesa and like multiyear agreements the City has with other long-time partner agencies/organizations, the City is recommending approval of a three-year agreement with Visit Mesa instead of an annual agreement. This three-year agreement maintains the previous funding distributions, and also adds some capacity for the City to allocate TLT funds towards local community and cultural events that also support Mesa tourism and marketing.

Today, Mesa's TLT collection is 5% of gross lodging rents. (See Exhibit 4 for a five-year history of total bed tax collections.) These collections are distributed for investment per State Statutes and by the City and Visit Mesa as such:

From the 3% TLT (started as 2.5% in 1985 and increased to 3% in 2004)

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. In addition, Visit Mesa is required to invest no less than 15% from this collection for specific civic, community, cultural or tourism events and marketing. These parameters continue in the proposed three-year agreement (See Exhibit 4). The proposed agreement also includes a listing of pre-determined events and sponsorships that Visit Mesa will fund each year from their portion of the collections and includes a small fund to allow for unexpected, tourism-related sponsorships needed and requested by the City Manager.

From the 2% TLT (since 2010)

The City transfers an agreed upon cap of up to \$500,000 (\$41,666.67 monthly). The three-year agreement maintains this cap amount and annual payment.

Alternatives

Council may choose not to enter into the three-year Agreement or to request updates to this agreement prior to Council approval. Arizona Revised Statutes require 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 and the City Manager's Office.