



City Council Report

Date: June 17, 2024

To: City Council

Through: Destination Mesa Team: Christopher J. Brady, City Manager; Mike Kennington, Deputy City Manager and CFO; Andrea Alicoate, Assistant to the City Manager; Andrea Moore, Parks, Recreation and Community Facilities Director and Jaye O'Donnell, Economic Development Director

From: Mike Kennington, Deputy City Manager and Chief Financial Officer

Subject: One-year bed tax funding transfer agreement with Visit Mesa FY2024/25 (Citywide)

Purpose and Recommendation

Approve Resolution authorizing the City Manager and/or his designee to sign and execute a one-year transaction privilege tax (TLT) funding transfer agreement (Exhibit A) with Visit Mesa for the promotion of tourism and destination marketing in the City of Mesa ("City") and in accordance with Arizona Revised Statutes § 9-500.06.

Background and Discussion

Arizona Revised Statutes require that a certain portion of TLT collections be used in the promotion of tourism by the City or a contracted non-profit organization. Visit Mesa is a nonprofit corporation and a destination marketing organization whose mission is the promotion of tourism in Mesa, Arizona, including the promotion of sporting and community events, visitor spending, economic tourism, and cultural exhibits. The current agreement expires June 30, 2024. Visit Mesa received \$3.9M of TLT funds in FY 2022/2023.

The City is recommending approval of a one-year agreement with a 50%-50% funding split of the TLT funds received. The proposed agreement was approved by the Visit Mesa Board on May 10th, 2024. The agreement allows the City Manager to select an additional member of the Visit Mesa Executive Board while including the Downtown Mesa Association Executive Director to the Visit Mesa Board. The agreement also emphasizes support for activities and programs within Mesa city limits while requiring open meeting practices for the Visit Mesa Board and Executive Committee meetings.

Both the City's Destination Mesa Team and Visit Mesa's Board and staff have approved the new agreement to define their commitments and establish a shared understanding and consensus on the best use of public funds to promote tourism opportunities in Mesa.

Alternatives

Council may choose not to enter into the one-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 on the City's General Fund, as funds are generated from TLT collections.

Coordinated With

The agreement has been reviewed and approved by representatives of Visit Mesa and the Destination Mesa Team at the City of Mesa.

Exhibits:

- A. Final Visit Mesa-City 2024-2025 Agreement
- B. Visit Mesa Strategic Plan 2024-2026
- C. Mesa Forward 2033 Destination Master Plan