



# City Council Report

**Date:** June 16, 2025

**To:** City Council

**Through:** Destination Mesa Team: Scott Butler, 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 Kim Lofgreen, Economic Development Manager

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

**Subject:** Three-year bed tax funding transfer agreement with Visit Mesa FY2025/26 through FY 2027/28 (Citywide)

## Purpose and Recommendation

Approve Resolution authorizing the City Manager and/or his designee to sign and execute a three-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, 2025. Visit Mesa received \$3.9M of TLT funds in FY 2022/2023, \$3.5M of TLT funds in FY 2023/2024, and is expected to receive \$3.4M of TLT funds in FY 2024/2025.

The City is recommending approval of a three-year agreement maintaining the 50%-50% funding split of the TLT funds received. The proposed agreement was approved by the Visit Mesa Board on June 3<sup>rd</sup>, 2025. The new agreement extends the term from one to three years, reflecting the desire to return to a longer-term strategic partnership. Additionally, it formalizes Visit Mesa's \$50,000 financial contribution to the Downtown Mesa Association (DMA), reflecting their ongoing partnership and supporting continuity in budget planning. This agreement also provides the City Council with the flexibility to attract top tier hotel developments through the use of the incremental TLT generated at the development site for reimbursement of public infrastructure (in compliance with A.R.S. § 9-500.06).

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 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 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 2025-2028 Agreement