

ORDINANCE NO. 14-1013

AN ORDINANCE of the City Council of the City of SeaTac, Washington, the designated “legislative authority” of the proposed Seattle Southside Tourism Promotion Area for purposes of chapter 35.101 RCW pursuant to the Interlocal Agreement for the Joint Establishment of a Tourism Promotion Area, by and among the City, the City of Tukwila, and the City of Des Moines, establishing a tourism promotion area, imposing a charge on the furnishing of lodging by lodging businesses located in the tourism promotion area, providing for the collection of the charge, and other matters related thereto.

WHEREAS, the City of Tukwila, Washington (“Tukwila”) currently administers Seattle Southside Visitors Services (“SSVS”), a tourism promotion program funded by lodging taxes imposed and collected within Tukwila, the City of SeaTac (the “City”), and the City of Des Moines (“Des Moines”), and remitted to SSVS in exchange for tourism promotion services; and

WHEREAS, the tourism industry is a vital and substantial component of the region’s economy and tourism promotion increases the number of visitors to the region which in turn increases regional sales supporting the local economy; and

WHEREAS, the Legislature of the State of Washington (the “Legislature”) has recognized the importance of tourism promotion in the State of Washington and in 2003 passed Engrossed Substitute Senate Bill No. 6026, codified as chapter 35.101 RCW, as it now exists and may hereafter be amended (the “TPA Act”), authorizing counties with a population greater than forty thousand but less than one million, and any city or town within such a county, to establish a tourism promotion area for the purpose of imposing charges (referred to herein as “Special Assessments”) on the furnishing of lodging to be expended exclusively on tourism promotion; and

WHEREAS, in 2009 the Legislature amended the TPA Act to allow two or more cities located in a county with a population of one million or more acting jointly under chapter 39.34

RCW (the “Interlocal Cooperation Act”) to form a tourism promotion area for such purpose, and the “legislative authority” of a tourism promotion area formed in such county shall be comprised of two or more jurisdictions acting jointly as the legislative authority under an interlocal agreement created under the Interlocal Cooperation Act for the joint establishment and operation of a tourism promotion area; and

WHEREAS, pursuant to RCW 35.101.040, a county, city or town may establish a tourism promotion area that includes within the boundaries of the area portions of its own jurisdiction and another jurisdiction, if the other jurisdiction is a party to an interlocal agreement formed pursuant to the Interlocal Cooperation Act; and

WHEREAS, pursuant to the TPA Act and the Interlocal Cooperation Act, the City, Tukwila, and Des Moines entered into an Interlocal Agreement for the Joint Establishment of a Tourism Promotion Area dated May 6, 2014, as it may be amended from time to time (the “Interlocal Agreement”), for the purpose of, among other things, designating the SeaTac City Council (the “City Council”) as the “legislative authority” for purposes of the TPA Act, including without limitation for the purpose of receiving a petition to initiate the establishment of a tourism promotion area within the jurisdictional boundaries of the City, Tukwila and Des Moines (the “Seattle Southside TPA”), considering a resolution of intent to form the Seattle Southside TPA, holding a public hearing as required by the TPA Act, and, if certain requirements are satisfied, adopting an ordinance forming the Seattle Southside TPA; and

WHEREAS, operators of Lodging Businesses (as defined in the TPA Act) located in the proposed Seattle Southside TPA presented a petition pursuant to the terms of the TPA Act to the City Council (the “Initiation Petition”) to initiate the establishment of the Seattle Southside TPA; and

WHEREAS, after receipt of the Initiation Petition, the City Council passed Resolution No. 14-014 on September 23, 2014 (the “Resolution of Intent”) providing notice of the intention to establish the Seattle Southside TPA, and setting the time and place of a public hearing to be held to hear protests and receive evidence for or against the proposed formation of the Seattle Southside TPA; and

WHEREAS, following proper notice as required by the TPA Act, the City Council held a public hearing on October 14, 2014; and

WHEREAS, following such public hearing the City Council, as the “legislative authority” under the Interlocal Agreement, the Interlocal Cooperation Act, and the TPA Act, now desires to establish the Seattle Southside TPA as provided herein;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEATAC DO
ORDAIN as follows:**

Section 1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings set forth below, in the TPA Act or the Interlocal Agreement, as the context may require.

“City” or “City of SeaTac” means the City of SeaTac, a municipal corporation organized under the laws and statutes of the State.

“City Council” means the City Council of the City of SeaTac, as the same shall be duly and regularly constituted from time to time.

“Des Moines” means the City of Des Moines, a municipal corporation organized under the laws and statutes of the State.

“Initiation Petition” means the initiation petition delivered to the Legislative Authority pursuant to the Interlocal Agreement and the TPA Act.

“Interlocal Agreement” means the Interlocal Agreement for the Joint Establishment of a Tourism Promotion Area by and among the City, Tukwila, and Des Moines, entered into pursuant to the TPA Act and the Interlocal Cooperation Act, as it may be amended from time to time.

“Interlocal Cooperation Act” means chapter 39.34 RCW, as the same may be amended from time to time.

“Legislative Authority” means the legislative authority of the Seattle Southside TPA appointed pursuant to the Interlocal Agreement, currently the City Council, as the same shall be duly and regularly constituted from time to time.

“Lodging Business” means a business located within the Seattle Southside TPA that furnishes lodging taxable by the State under chapter 82.08 RCW that has 40 or more lodging units.

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

“Resolution of Intent” means Resolution No. 14-014 of the City Council passed on September 23, 2014.

“Seattle Southside Tourism Promotion Area” or “Seattle Southside TPA” means the geographic area identified in Section 4 of this ordinance.

“Special Assessment” means the charge imposed by the Legislative Authority on the Operators of Lodging Businesses within the Seattle Southside TPA and subsequently passed on to the guests of the Lodging Business, under the authority of the TPA Act, for the purpose of providing funding of Tourism Promotion in the boundaries of the Seattle Southside TPA.

“SSRTA” or “Seattle Southside Regional Tourism Authority” means the public development authority to be chartered by the City pursuant to chapter 35.21 RCW.

“State” means the State of Washington.

“TPA Act” means chapter 35.101 RCW, as it now exists and may be amended in the future.

“Tourism Promotion” means, consistent with the definition set forth in RCW 35.101.010, domestic and international tourism promotion, advertising, sales and marketing activities intended to encourage tourism in the Seattle Southside TPA in order to increase area hotel occupancies. “Promotion, advertising, sales and marketing activities” include, but are not limited to: strategic planning; market research; creative development; media placement; sales activities; hosting tourism industry events relating to promotion and marketing; administrative, operational and management support for such services; and creating and maintaining a standing limited reserve, as such reserve may be specified in the Seattle Southside TPA budget, to fund any such activities.

“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 30 consecutive calendar days or less, counting a portion of a day as a full calendar day.

“Tukwila” means the City of Tukwila, a municipal corporation organized under the laws and statutes of the State.

Section 2. Interlocal Agreement; Legislative Authority. The City approved and adopted the Interlocal Agreement on March 25, 2014 pursuant to Resolution No. 14-007. Tukwila approved and adopted the Interlocal Agreement on April 7, 2014 pursuant to a motion of its city council. Des Moines approved and adopted the Interlocal Agreement on April 25,

2014 pursuant to Resolution No. 1261. A copy of the Interlocal Agreement is attached as **Exhibit A**.

Pursuant to the terms of the Interlocal Cooperation Act, the TPA Act, and the Interlocal Agreement, the City, Tukwila, and Des Moines jointly agreed to appoint and designate the City Council as the “Legislative Authority” for purposes of the TPA Act to receive the Initiation Petition and otherwise carry out the terms of the TPA Act in order to help facilitate the formation and operation of the proposed Seattle Southside TPA. It is under and pursuant to the authority granted in the Interlocal Cooperation Act, the TPA Act, and the Interlocal Agreement that the City Council takes the actions set forth herein. As used herein, references to the “City Council” shall mean the City Council as the designated “Legislative Authority” of the proposed Seattle Southside TPA.

Section 3. Resolution of Intent and Public Hearing. Pursuant to RCW 35.101.080, the City hereby provides the following information:

(a) *Resolution of Intent.* The City Council adopted the Resolution of Intent on September 23, 2014. The title of the Resolution of Intent is as follows:

A RESOLUTION of the City Council of the City of SeaTac, Washington, the designated “legislative authority” of the proposed Seattle Southside Tourism Promotion Area for purposes of chapter 35.101 RCW pursuant to the Interlocal Agreement for the Joint Establishment of a Tourism Promotion Area, by and among the City, the City of Tukwila, and the City of Des Moines, providing notice of the intent to establish a tourism promotion area; providing notice that the City Council shall conduct a public hearing in accordance with chapter 35.101 RCW; identifying the proposed boundaries of the tourism promotion area; identifying the proposed use of revenues generated by the tourism promotion area; and specifying the estimated charges by classification, among other matters.

(b) *Public Hearing.* Notice of the public hearing was provided as required in RCW 35.101.060, which included publishing the Resolution of Intent in the *Seattle Times*, a

newspaper of general circulation in the cities in which the proposed Seattle Southside TPA is to be established, and mailing a complete copy of the Resolution of Intent to each Lodging Business in the proposed area. Publication and mailing was completed at least 10 days prior to the public hearing. A public hearing was held at 6:30 p.m. on October 14, 2014, at the City Hall Council Chambers, located at SeaTac City Hall, 4800 South 188th Street, SeaTac, Washington 98188. At the public hearing, the City Council received comments and testimony concerning formation of the proposed Seattle Southside TPA. Protests on the proposed Seattle Southside TPA were not received by Lodging Businesses which would pay a majority of the proposed charges.

Section 4. Establishment of Seattle Southside Tourism Promotion Area; Boundaries.

The City Council has received the Initiation Petition, adopted the Resolution of Intent, and held a public hearing as required by the TPA Act. The City Council hereby establishes a tourism promotion area to be called the “Seattle Southside Tourism Promotion Area” (referred to herein as the Seattle Southside TPA). The boundaries of the Seattle Southside TPA shall include the jurisdictional boundaries of the City, Tukwila and Des Moines.

Section 5. Assessment Rate. The Special Assessments to be levied and imposed on the operators of those Lodging Businesses located in the Seattle Southside TPA are set forth below; provided, however, Special Assessments shall not be imposed on lodging units (1) where the occupant has stayed 30 or more days and are not otherwise on a Transient Basis, (2) provided by an Operator of a Lodging Business to guests without charge for promotional purposes, (3) available exclusively to members or guests of members of a private member-owned clubs or its reciprocal clubs, or (4) contracted with airlines for use by their flight crews.

The Special Assessments to be levied are as follows:

<u>Zone</u>	<u>Charge</u>
Zone A	\$2.00 per occupied room per day
Zone B	\$0.00 per occupied room per day

Zone A: Zone A encompasses those Lodging Businesses, that are either hotel, motel, or bed and breakfast facilities, with 90 or more lodging units, located within the City, Des Moines, and Tukwila.

Zone B: Zone B encompasses those Lodging Businesses, that are either hotel, motel, or bed and breakfast facilities, with between 40 to 89 lodging units, located within the City, Des Moines, and Tukwila.

The Special Assessments (a) are not a tax on the “sale of lodging” for the purposes of chapter 82.14 RCW and are not applicable to temporary medical housing exempt under chapter 82.08 RCW, (b) are in addition to the special assessments that may be levied under chapter 35.87A RCW, and (c) are intended to enhance, supplement, and extend existing tourism marketing efforts of the City, Tukwila, and Des Moines.

Section 6. Use of Special Assessment Revenue

(a) The revenues from the Special Assessments levied on the Operators of Lodging Businesses situated in the Seattle Southside TPA shall be used solely and for the exclusive purpose of providing needed resources to promote visitor spending within the Seattle Southside TPA, and in particular visitors on a trip away from home overnight, in paid accommodations. The revenue will be used for domestic and international tourism promotion, advertising, sales and marketing activities (which may include, without limitation, the creation of a standing limited reserve solely to fund any such activities that arise unexpectedly from year to year) intended to encourage tourist spending in the Seattle Southside TPA in order to increase hotel

occupancies and for no other purpose. The revenue will be dedicated to the following tourism promotion uses and projects:

(i) Tourism promotion, advertising, sales, and marketing services including, but not limited to, strategic planning, market research, creative deployment, media placement, sales activities, hosting tourism industry events relating to promotion and marketing, and administrative, operational and management support for such services;

(ii) The marketing of the southwest King County area to recruit sporting, athletic, recreational, entertainment, performing arts and cultural events in order to benefit tourism and the Lodging Businesses in the Seattle Southside TPA, and for the purpose of increasing overnight visitor stays within the Seattle Southside TPA;

(iii) Providing marketing and event assistance for qualifying non-profit and for-profit events that represent a substantial likelihood of benefiting tourism and lodging businesses in the Seattle Southside TPA, and for the purpose of increasing overnight visitor stays within southwest King County; and

(iv) For other Tourism Promotion purposes consistent with the TPA Act and the Interlocal Agreement.

(b) The City Council shall adopt a budget for the use of the Special Assessments as required by the Interlocal Agreement. The City Council shall also contract with the SSRTA pursuant to one or more operating agreements for the management and operation of the Seattle Southside TPA pursuant to the Interlocal Agreement and RCW 35.101.130.

Special Assessments shall be collected, administered, distributed, and managed as provided in the TPA Act and the Interlocal Agreement. The City hereby requests the State

Department of Revenue to remit all Special Assessment revenue directly to the SSRTA. Any Special Assessments received by the City, as the Legislative Authority and fiscal agent of the Seattle Southside TPA, and interest earned thereon shall be deposited by the City in a special account and thereafter transferred to SSRTA as provided in the Interlocal Agreement.

Section 7. Modification or Disestablishment of the Tourism Promotion Area. The Seattle Southside TPA may be modified and/or disestablished as provided in the TPA Act and in the Interlocal Agreement.

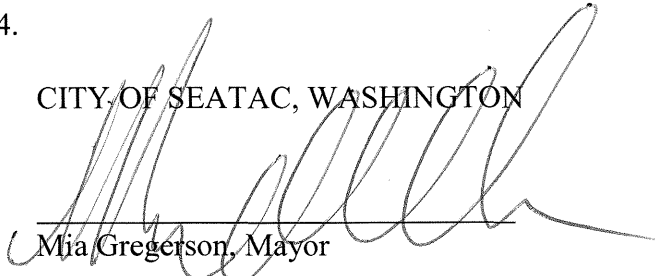
Section 8. General Authorization; Ratification. The City Manager, the Chair of the SeaTac Lodging Tax Advisory Committee, and other proper officials of the City are authorized and directed to undertake all action necessary and to execute all documents required to carry out the purposes of this ordinance. The signature of one authorized individual shall be sufficient. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 9. Severability. If any provision of this ordinance, or its application to any person or circumstance is held invalid the remainder of this ordinance or its application of the provisions to other persons or circumstances is not affected.

Section 10. Effective Date. This ordinance shall take effect upon the later of (a) five days after adoption and publication as required by law, or (b) seventy-five days after the State Department of Revenue contracts for the administration and collection of Special Assessments within the Seattle Southside TPA.

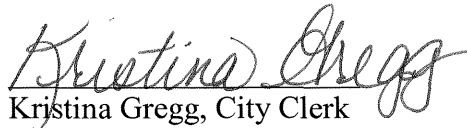
ADOPTED this 14th day of October, 2014 and signed in authentication thereof on this 14th day of October, 2014.

CITY OF SEATAC, WASHINGTON




Mia Gregerson, Mayor

ATTEST:



Kristina Gregg, City Clerk

APPROVED AS TO FORM:



Mary E. Mirante Bartolo, City Attorney

[Effective Date: * _____]

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