

**INTERLOCAL COOPERATION ACT AGREEMENT
FOR ESTABLISHMENT OF
SPOKANE COUNTY TOURISM PROMOTION AREA**

3-16-04
CITY CLERK'S OFFICE
SPOKANE, WA

THIS AGREEMENT ("Agreement") dated this 9th day of March, 2004, is made and entered into by and among SPOKANE COUNTY, a Class A county of the State of Washington ("Spokane County"); the CITY OF SPOKANE, a municipal corporation of the State of Washington ("Spokane"); and the CITY OF SPOKANE VALLEY, a municipal corporation of the State of Washington ("Spokane Valley"), pursuant to the authority of chapter 39.34 RCW and Engrossed Substitute Senate Bill No. 6026 authorizing the establishment of a Tourism Promotion Area to levy Special Assessments to fund tourism promotion.

WITNESSETH:

WHEREAS, pursuant to the provisions of the Revised Code of Washington, the Board of County Commissioners of Spokane County has the care of county property and the management of county funds and business; and

WHEREAS, the 2003 State Legislature of the State of Washington has recognized the importance of tourism promotion in the State of Washington and passed Engrossed Substitute Senate Bill No. 6026 authorizing the establishment of a Tourism Promotion Area by a county to permit the levy of Special Assessments to fund tourism promotion; and

WHEREAS, the Operators of Lodging Businesses within the County of Spokane have presented an Initiation Petition to Spokane County seeking to have the Board of County Commissioners of Spokane County establish a Spokane County Tourism Promotion Area, specifically including the areas within the jurisdiction of Spokane and Spokane Valley, pursuant to the terms of Engrossed Substitute Senate Bill No. 6026; and

WHEREAS, the Initiation Petition submitted to the Board of County Commissioners of Spokane County, Exhibit "A" attached to this Agreement, included:

- (1) A description of the boundaries of the proposed Spokane County Tourism Promotion Area, including the areas within the jurisdiction of Spokane and Spokane Valley; and
- (2) The proposed uses and projects for which the proposed revenue from the Special Assessments levied by the Spokane County Tourism Promotion Area would be dedicated, and the total estimated costs of such uses; and
- (3) The estimated rate for the Special Assessments to be levied on Lodging Businesses in various Zones within the Spokane County Tourism Promotion Area; and

- (4) The signatures of the persons who operate Lodging Businesses in the proposed Spokane County Tourism Promotion Area who would pay over sixty percent (60%) of the proposed Special Assessments levied within the area.

WHEREAS, the Board of County Commissioners of Spokane County has the authority pursuant to the terms of Engrossed Substitute Senate Bill No. 6026, to enter into an Interlocal Agreement with Spokane and Spokane Valley to establish a Tourism Promotion Area, pursuant to the provisions of the Initiation Petition received from the Operators of Lodging Businesses, to include, within the boundaries of the proposed Spokane County Tourism Promotion Area, the area within the jurisdiction of Spokane and Spokane Valley; and

WHEREAS, the Board of Commissioners of Spokane County, has adopted a "Resolution of Intention to Establish a Spokane County Tourism Promotion Area" following a hearing to be held on the 2nd day of March, 2003^{4de}, pursuant to the request of an Initiation Petition submitted by the Operators of Lodging Businesses within Spokane County; and

WHEREAS, on the 4th day of November, 2003, the County Clerk of the Board of County Commissioners of Spokane received an Initiation Petition authorized by RCW 35.101.020 from the Operators of Lodging Businesses located within Spokane County requesting the conduct of a public hearing by the Board of County Commissioners of Spokane County, pursuant to the authority of Engrossed Substitute Senate Bill No. 6026, for the purposes of considering the establishment of a Spokane County Tourism Promotion Area to provide funds for tourism promotion in Spokane County; and

WHEREAS, on the 2nd day of March, 2003^{4de}, the Board of County Commissioners of Spokane County adopted a resolution entitled a "Resolution of Intention to Establish a Spokane County Tourism Promotion Area," for the promotion of tourism promotion within Spokane County, describing the boundaries of the proposed Spokane County Tourism Promotion Area, the proposed uses and projects to which the proposed revenues from Special Assessments levied within the Spokane County Tourism Promotion Area would be dedicated and setting the proposed rates for the Special Assessments to be levied on Lodging Businesses to fund the uses and projects of the Spokane County Tourism Promotion Area, estimating the total cost for the proposed activities and programs for the use of funds received by the Spokane County Tourism Promotion Area, fixing the date, time and place of a public hearing to be held by the Board of County Commissioners of Spokane County to consider the establishment of such a Spokane County Tourism Promotion Area, and directing the giving of notice of such public hearing; and

WHEREAS, Resolution No. 4-0140, entitled *A Resolution of Intention to Establish a Spokane County Tourism Promotion Area* for the promotion of tourism and convention business within Spokane County was duly published, and copies thereof were mailed to each Lodging Business in the proposed Spokane County Tourism Promotion Area, as provided by law, and

WHEREAS, the City Council of the City of Spokane and the City Council of the City of Spokane Valley have by appropriate legislative action, authorized the execution of an Interlocal Agreement with Spokane County to permit the establishment of a Spokane County Tourism Promotion Area to include collection of Special Assessments from Lodging Businesses within their respective jurisdictions,

NOW, THEREFORE, for and in consideration of the promises set forth hereafter, Spokane County, Spokane and Spokane Valley hereby agree as follows:

1. Definitions. As used in this agreement, the following terms, unless the context otherwise dictates, shall have the following means:

1.1 "Agreement" shall mean this interlocal cooperation agreement between Spokane County, Spokane and Spokane Valley for the establishment of a Spokane County Tourism Promotion Area by Spokane County as authorized by Chapter 35.101.040 (2) RCW.

1.2 "Lodging Business" means a business located within the Spokane County Tourism Promotion Area that furnishes lodging taxable by the state under chapter 82.08 RCW that has forty (40) or more lodging units.

1.3 "Operator" means the Operator of a Lodging Business, whether in the capacity of owner, general manager, lessee, sub lessee, mortgagee in possession, license or any other similar capacity.

1.4 "Room Revenues" means the gross per-night-charge (nights of stay) imposed for the rental of a room or combination of rooms for Lodging.

1.5 "Special Assessment" means the levy (charge) imposed by Spokane County on the Operators of a Lodging Business within the Spokane County Tourism Promotion Area and subsequently passed on to the guests of the Lodging Business, under the authority of RCW 35.101.050 for the purpose of providing for funding of tourism promotion in Spokane County.

1.6 "Spokane Hotel-Motel Association" means the Spokane Hotel-Motel Association, Inc., a Washington non-profit corporation.

1.7 "Spokane Hotel and Motel Commission" means the Spokane Hotel and Motel Commission, established by Spokane County, whose members are appointed by the Board of County Commissioners of Spokane County, the City Council of the City of Spokane, and the City Council of the City of Spokane Valley to provide recommendations to the Board of County Commissioners of Spokane County on proposed uses and projects of the Spokane County Tourism Promotion Area; pursuant to the provisions of RCW 35.101.130 (1) as provided in this Agreement.

1.8 “Spokane Metropolitan Area” means Spokane County, including the entire areas within the jurisdiction of Spokane and Spokane Valley and the unincorporated area of Spokane County.

1.9 “Spokane County Tourism Promotion Area” means the Tourism Promotion Area created by the resolution of the Board of County Commissioners of Spokane County pursuant to the authority of Chapter 35.101 RCW, as authorized by the resolutions of the City Council of the City of Spokane and the City Council of the Spokane Valley adopting the terms of this Agreement.

1.10 “TPA Manager” shall mean a tourism destination marketing organization or other similar organization employed by the Board of County Commissioners to administer the operation of the Tourism Promotion Area.

1.11 “Tourism Promotion” means activities and expenditures designed to increase tourism and convention business, including but not limited to, advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists, and operating tourism destination marketing organizations.

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

1.13 “Zone” or “Zones” means the distinct geographic subarea or subareas within the Spokane County Tourism Promotion Area as established by resolution of the Board of County Commissioners of Spokane County and as set forth in Exhibit “B” attached to this Agreement.

1.14 “Annual Budget” shall mean the Spokane County Tourism Promotion Area budget for a fiscal year, as adopted or amended by the Board of County Commissioners of Spokane County, after the receipt of a recommendation from the Spokane Hotel and Motel Commission, identifying all estimated revenue from Special Assessments for the fiscal year, and providing for all proposed uses of Special Assessment revenue for the purpose of providing tourism promotion in Spokane County for the ensuing fiscal year.

2. Tourism Promotion Area to be Established by Spokane County.

A. It is hereby understood and agreed by Spokane County, Spokane and Spokane Valley that Spokane County, pursuant to the authority of Chapter 35.101.040 (2) RCW, shall establish a “Tourism Promotion Area” designated the Spokane County Tourism Promotion Area to include the unincorporated area of Spokane County and the entire area within the corporate limits of Spokane and Spokane Valley.

B. It is hereby understood and agreed by Spokane County, Spokane, and Spokane Valley that the purpose of permitting the Board of County Commissioners and Spokane County

to form the Spokane County Tourism Promotion Area under RCW 35.101.040 (2) is to provide revenue to fund tourism promotion within Spokane County which will benefit the Operators of Lodging Businesses in Spokane County, Spokane and Spokane Valley.

3. Levy of Special Assessments on Lodging Businesses within the Spokane County Tourism Promotion Area.

A. The Board of County Commissioners of Spokane County will levy Special Assessments on the Operators of Lodging Businesses within the Spokane County Tourism Promotion Area in accordance with the zones and levels of Special Assessments as set forth in Resolution No. 4-0140.

B. It is understood and agreed by and between Spokane County, Spokane and Spokane Valley that the Spokane County Tourism Promotion Area shall include the following five (5) zones:

Zone A. Zone A encompasses those Lodging Businesses located within the area of the incorporated city limits of the City of Spokane defined as follows: Downtown core bordered by Interstate 90 to the south, Hamilton Street to the east, Indiana Avenue to the north, and Monroe Street to the west.

Zone B. Zone B encompasses those Lodging Businesses located within the area of the incorporated city limits of Spokane and the City of Spokane Valley except those Lodging Businesses located in Zone A.

Zone C. Zone C encompasses all Lodging Businesses located outside Zones A and B, but within the unincorporated area of Spokane County.

Zone D. Zone D encompasses all Lodging Businesses with room revenue under \$500,000 per year, situated within the Spokane County Tourism Promotion Area, regardless of their specific location.

Zone E. Zone E encompasses Lodging Businesses located within the Tourism Promotion Area, as that term is addressed in WAC 458-20-166 as it presently exists or may be hereinafter amended, other than hotels, motels, and bed and breakfast facilities. Lodging Businesses within this zone, as addressed in WAC 458-20-166, would include only (i) trailer camps and recreational vehicle parks which charge for the rental of space to transients for locating or parking house trailers, campers, recreational vehicles, mobile homes, and tents; (ii) educational institutions which sell overnight lodging to person other than students; (iii) private lodging houses, dormitories and bunkhouses operated by or on behalf of businesses and industrial firms or schools solely for the accommodation of employees of such firms or student which are not held out to the public as a place where sleeping accommodations may be obtained; and (iv) guest ranches or summer camps which, in addition to supplying meals and lodging, offer special recreational facilities and instruction in sports boating,

riding, outdoor facilities and instruction in sports, boating, riding, and outdoor living.

The charge(s) imposed under this section are not a tax on the "sale of lodging" for the purposes of RCW 82.14.410

C. It is understood and agreed by and between Spokane County, Spokane and Spokane Valley that the Operators of Lodging Businesses within the Spokane County Tourism Promotion Area operating in the above-described zones will be subject to Special Assessments to be levied as follows:

Zone A:	\$1.50 per room/day
Zone B:	\$1.25 per room/day
Zone C:	\$1.00 per room/day
Zone D:	\$0.50 per room/day
Zone E:	\$0.00 per room or space /day

D. Any change in the Special Assessment rates for any zone as set forth hereinabove shall be made only by amendment of the resolution by the Board of County Commissioners, with the approval of the City Council of the City of Spokane and the City Council of the City of Spokane Valley. No increase in the Special Assessment rates for any zone or change in the boundaries of any zone shall be made by the Board of County Commissioners of Spokane County except upon the affirmative recommendation of the Spokane Hotel and Motel Commission.

4. Use of Special Assessment Revenues For the Promotion of Tourism and Convention Business in Spokane County.

A. It is understood and agreed that all of the revenues from Special Assessments collected by Spokane County from Lodging Businesses within the jurisdiction of Spokane County, the City of Spokane, and the City of Spokane Valley shall be allocated by the Board of County Commissioners of Spokane County in accordance with the Annual Budget for the Spokane County Tourism Promotion Area. The Spokane Hotel and Motel Commission shall make a recommendation to the Board of County Commissioners on all Annual Budgets. The Board of County Commissioners shall have the ultimate authority to set and approve all Annual Budgets.

B. The revenues from the Special Assessments levied by Spokane County on the Operators of Lodging Businesses situated within the Spokane County Tourism Promotion Area shall be used for the following purposes only:

(1) The funding of all activities and expenditures designed to increase tourism promotion and convention business within Spokane County as specified in the Spokane County Tourism Promotion Area Budget.

(2) The marketing of convention and business that benefit local tourism and the Lodging Businesses in Spokane County; and

(3) The marketing of Spokane County to the travel industry in order to benefit local tourism and the lodging businesses situated within the Spokane County Tourism Promotion Area; and

(4) The marketing of Spokane County to recruit major sporting events in order to promote local tourism and to benefit the Lodging Businesses within the Spokane County Tourism Promotion Area.

5. Establishment of the Spokane Hotel and Motel Commission.

A. It is understood and agreed that the Board of County Commissioners of Spokane County shall, pursuant to the authority of RCW 35.101.130 (1) create an eleven (11) member Spokane Hotel and Motel Commission to advise the Board of County Commissioners of Spokane County on the expenditure of Special Assessment revenues by the Spokane County Tourism Promotion Area to fund tourism promotion in Spokane County.

B. Members of the Spokane Hotel and Motel Commission shall be selected by the Board of County Commissioners of Spokane County, the City Council of Spokane and the City Council of Spokane Valley from a list of nominees prepared by the Spokane Hotel and Motel Association. All nominees for membership on the Spokane Hotel and Motel Commission must be Operators of Lodging Businesses within Spokane County or employed by the Operator of such a Lodging Business. One *ex officio* member of the Commission may be appointed from the members of the Board of Commissioners of Spokane County; one *ex officio* member may be appointed from the members of the City Council of the City of Spokane; and one *ex officio* member may be appointed from the members of the City Council of the City of Spokane Valley. *Ex officio* members of the Spokane Hotel-Motel Commission may participate in all discussions regarding proposed activities and programs by the Spokane County Tourism Promotion Area for the promotion and marketing of tourism in Spokane County but shall not have voting rights.

C. The Board of County Commissioners of Spokane County shall appoint two members, and one *ex officio* member of the Spokane Hotel and Motel Commission, to represent the County of Spokane; the City Council of the City of Spokane Valley shall appoint two members, and one *ex officio* member, of the Spokane Hotel and Motel Commission to represent the City of Spokane Valley; and the City Council of the City of Spokane shall appoint four members, and one *ex officio* member, of the Spokane Hotel and Motel Commission to represent the City of Spokane. Any vacancy, on the Spokane Hotel and Motel Commission, arising from a resignation or other cause, shall be filled by the appointing agency, from the list of nominees prepared by the Spokane Hotel and Motel Association, within 30 days from the date the "vacancy occurs".

D. It is understood and agreed that the initial members of the Spokane Hotel and Motel Commission shall serve staggered terms, with one member serving a one-year term, two members serving for two-year terms, and three members serving for three-year terms. The length of the term for each individual member of the initial Spokane Hotel and Motel Commission shall be chosen by lot at the first meeting of the Commission. Thereafter, all members subsequently appointed to the Spokane Hotel and Motel Commission shall serve for three-year terms.

6. Contract For Management of Spokane County Tourism Promotion Area.

A. The Board of County Commissioners shall contract with a TPA Manager. The contract shall be awarded consistent with all applicable Spokane County laws, ordinances and regulations. The contract shall require the TPA Manager to comply with all applicable provisions of law, including RCW 35.101 et al and with all Spokane County resolutions and ordinances as well as all regulations lawfully imposed by the state auditor or other state agencies.

B. The TPA Manager will be responsible for administering the activities and programs of the Spokane County Tourism Promotion Area and to prepare an Annual Budget for the Spokane County Tourism Promotion Area to be reviewed and approved by the Spokane Hotel and Motel Commission and submitted to the Board of County Commissioners of Spokane County on or before November 1st of each year. The TPA Manager shall also act as staff to the Spokane Hotel and Motel Commission in conjunction with assisting it in determining what activities and programs to recommend for funding from the Special Assessments.

C. The Annual Budget for the Spokane County Tourism Promotion Area shall consist of:

(1) A list of the Lodging Businesses subject to Special Assessments and an estimate of the revenue to be received from all such Lodging Businesses; and

(2) A statement of the proposed budget for all Spokane County Tourism Promotion Area activities and programs recommended by the Spokane Hotel and Motel Commission to be funded from Special Assessments during the ensuing fiscal year; and

D. All Special Assessments received by Spokane County from the Washington State Department of Revenue and any interest therein shall be deposited by Spokane County in a special account. Payments to the TPA Manager will be made as provided for in the agreement between the Spokane County and the TPA manager. Provided, however, no Special Assessment shall be dispersed in any fiscal year until after the adoption of that year's fiscal Annual Budget, Provided further, Spokane County shall not expend in any fiscal year Special Assessments in excess of the approved fiscal Annual Budget.

7. Modification or Disestablishment of the Spokane County Tourism Promotion Area.

A. The Board of County Commissioners of Spokane County, by appropriate action, may modify the provisions of the resolution establishing the Spokane County Tourism Promotion Area or provide for the disestablishment of the Spokane County Tourism Promotion Area, after adopting a resolution of intention to such effect. Such resolution of intention shall describe the change or changes proposed, or indicate that it is the intention to disestablish the Spokane County Tourism Promotion Area, and shall state the time and place of a public hearing to be held by the Board of County Commissioners of Spokane County to consider the proposed action.

B. If the Operators of Lodging Businesses which pay over forty percent (40%) of the Special Assessments levied within the Spokane County Tourism Promotion Area file a petition with the Clerk of the Board of Spokane County Commissioners requesting the Board of County Commissioners of Spokane County to adopt a resolution of intention to modify or disestablish the Spokane County Tourism Promotion Area, the Board of County Commissioners of Spokane County shall adopt such resolution and act upon it as required by law. Signatures on such petition shall be those of a duly authorized representative of the Operators of Lodging Businesses in the Spokane County Tourism Promotion Area. In the event of failure on the part of the Board of County Commissioners to modify or disestablish the TPA the participating local governments reserve the right to withdraw from this agreement upon three (3) months notice to the other participating local governments.

C.. In the event the resolution proposes disestablishment of the Spokane County Tourism Promotion Area, the Board of County Commissioners of Spokane County shall disestablish the Spokane County Tourism Promotion Area; unless at such public hearing, protest against disestablishment is made by the Operators of Lodging Businesses paying over fifty percent (50%) of the Special Assessments in the Spokane County Tourism Promotion Area.

8. Miscellaneous Provisions:

A. Duration and Termination of this Agreement. (1) This Agreement shall continue in full force and effect until such time as the Spokane County Tourism Promotion Area is disestablished by action of the Board of County Commissioners of Spokane County as provided in Section 7 above. (2) This agreement shall expire December 31, 2008, PROVIDED, it may be extended in increments of three years by consent of Spokane County, City of Spokane, and City of Spokane Valley, expressed either by resolution of the legislative body or written approval of its chief executive officer. The timing of such consent should be coordinated with the needs of the Washington State Department of Revenue. (3) Following termination of this Agreement, Spokane County shall be responsible for utilizing any remaining unallocated revenue from Special Assessments for use for tourism promotion in Spokane County.

B. Waiver. No officer, employee, or agent of Spokane County, Spokane, or Spokane Valley has the power, right, or authority to waive any of the conditions or provisions of this Agreement. No waiver of any breach of this Agreement by Spokane County, Spokane, or

Spokane Valley shall be held to be a waiver of any other or subsequent breach. Failure of Spokane County, Spokane, or Spokane Valley to enforce any of the provisions of this Agreement or to require performance of any of the provisions herein, shall in no way be construed to be a waiver of such conditions, nor in any way effect the validity of this Agreement or any part hereof, or the right of Spokane County, Spokane or Spokane Valley to hereafter enforce each and every such provision.

C. Records. All records prepared, owned, used or retained by the TPA Manager in conjunction with operating or administering the activities and programs of the Spokane County Tourism Promotion Area as provided for under the terms of this Agreement shall be deemed records of Spokane County, Spokane, and Spokane Valley and shall be made available by the TPA Manager upon request to Spokane County, Spokane, or Spokane Valley, State Auditor or their authorized representatives..

D. Property and Equipment. Spokane County Shall be the owner of all property and equipment purchased by the TPA Manager from Special Assessment Revenues. Provided, however, in the event of the termination of the Agreement with the TPA Manager, Spokane County agrees to make the property and/or equipment available to the successor TPA Manager for its use in conjunction with providing similar services. Provided further, in the event of disestablishment of the Spokane County Tourism Promotion Area, all property and equipment purchased by the TPA Manager from Special Assessment Revenues shall be retained by Spokane County and used for any lawful purpose.

E. Integration. This Agreement contains all of the terms and conditions agreed upon by Spokane County, Spokane, and Spokane Valley concerning the establishment of the Spokane County Tourism Promotion Area by the Board of County Commissioners of Spokane County and the collection of Special Assessments from Operators of Lodging Businesses within the entire area, including the area within the jurisdictions of Spokane and Spokane Valley. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto. The parties have read and understand all of this Agreement, and now state that no representation, promise, or agreement not expressed in this Agreement has been made to induce the officials of Spokane County, Spokane, or Spokane Valley to execute this Agreement.

F. Severability. In the event any provision of this Agreement shall be declared by a Court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not, in any way, be effected or impaired thereby.

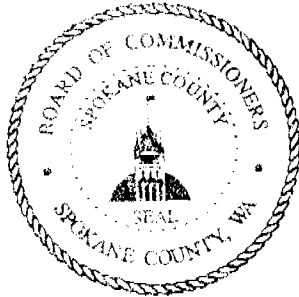
G. Execution of Agreement. This Agreement shall become effective immediately after it is duly adopted by the Board of County Commissioners of Spokane County, the City Council of Spokane, and the City Council of Spokane Valley and shall be filed with the County Auditor of Spokane County, the City Clerk of Spokane, and the City Clerk of Spokane Valley, and the Secretary of State of the State of Washington.

H. Litigation. In the event litigation is brought against the TPA or any party to this Agreement the TPA Manager shall cause legal counsel to be employed for the purpose of

defending or prosecuting the matter. The cost of the legal counsel shall be paid by the TPA. The parties reserve the right to monitor and participate in any litigation as solely determined by the party.

IN WITNESS WHEREOF, the City of Spokane, the City of Spokane Valley, and Spokane County have executed this Agreement by their duly authorized officials pursuant to all requirements of law.

BOARD OF COUNTY COMMISSIONERS



By: _____

By: W. Katchell

By: John Poshelley

Attest: Daniel Erickson
Clerk of the Board

Approved as to form:
[Signature]
Chief Civil Deputy Prosecuting Attorney

CITY OF SPOKANE

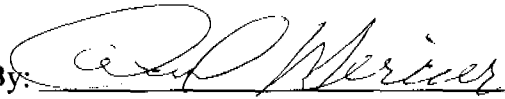
By: [Signature]
Deputy Mayor

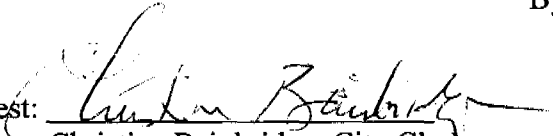
Attest: [Signature]
City Clerk

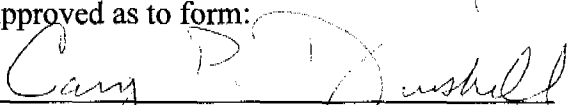
Approved as to form:
[Signature]
City Attorney



CITY OF SPOKANE VALLEY

By: 
David R. Mercier, City Manager

Attest: 
Christine Bainbridge, City Clerk

Approved as to form:

Cary P. Driskell, Deputy City Attorney