

**INTERLOCAL COOPERATION AGREEMENT
FOR ESTABLISHMENT OF
TRI-CITY REGIONAL TOURISM PROMOTION AREA**

THIS INTERLOCAL AGREEMENT ("Agreement") dated this 1st day of June, 2004, is made and entered into by and among the CITY OF KENNEWICK, Washington, a municipal corporation of the State of Washington; the CITY OF PASCO, Washington, a municipal corporation of the State of Washington; the CITY OF RICHLAND, Washington, a municipal corporation of the State of Washington, collectively referred to as ("Cities"); enter into this Agreement as authorized by RCW 35.101.040 for the creation of a Regional Tourism Promotion Area serving the Tri-City Region and funded by a Special Lodging Assessment in accordance with the terms and conditions designated below.

WITNESSETH:

WHEREAS, the 2003 Washington State Legislature recognized the importance of tourism promotion in the State of Washington and passed Engrossed Substitute Senate Bill No. 6026 now codified as 35.101. RCW authorizing the establishment of Tourism Promotion Areas within joint jurisdictions by Interlocal Agreements adopted pursuant to 39.34 RCW; and

WHEREAS, the Operators of Lodging Businesses within each of the Cities of Kennewick, Pasco and Richland, Washington have presented to their respective City Councils an Initiation Petition seeking the establishment of a Tri-City Regional Tourism Promotion Area specifically, including the areas within the jurisdictions of the Cities of Kennewick, Pasco and Richland, Washington; and

WHEREAS, the Initiation Petitions submitted to the City Councils included:

- (1) A description of the boundaries of the proposed Tourism Promotion Areas consisting of the areas within the jurisdictions of each City as incorporated as a part of a Regional Tourism Promotion Area, including the jurisdictions of all three Cities to be designated as the Tri-City Regional Tourism Promotion Area; and
- (2) The proposed uses and projects for which the proposed revenue from the Special Lodging Assessment levied by each of the Cities to fund the expenditures of the Tri-City Regional Tourism Promotion Area would be dedicated, and the total estimated costs of such uses; and

- (3) The estimated rate for the Special Lodging Assessment to be levied on eligible Lodging Businesses within each of the three Cities as a single classification zone incorporated a uniform amount throughout the Tri-City Regional Area; and
- (4) The signatures of the persons who operate Lodging Businesses in the each of the three Cities who would pay over sixty percent (60%) of the proposed Special Lodging Assessment levied within their respective areas; and

WHEREAS, the City Councils of the Cities of Kennewick, Pasco and Richland have the authority to enter into an Interlocal Agreement among themselves to establish a Regional Tourism Promotion Area, pursuant to the provisions of the Initiation Petition received from the operators of the Lodging Businesses within their respective Cities to include within the boundaries of the proposed Tri-City Regional Tourism Promotion Area all of the incorporated area of all three Cities; and

WHEREAS, the City Council of the City of Kennewick, Washington, has after hearing on the 1st day of June, 2004, adopted an Ordinance to Establish a Kennewick Tourism Promotion Area in Connection with the Establishment of a Tri-City Regional Tourism Promotion Area; and

WHEREAS, the City Council of the City of Pasco, Washington, has after hearing on the 7th day of June, 2004, adopted an Ordinance to Establish the Pasco Tourism Promotion Area in Connection with the Establishment of a Tri-City Regional Tourism Promotion Area; and

WHEREAS, the City Council of the City of Richland, Washington, has after hearing on the 1st day of June, 2004, adopted an Ordinance to Establish the Richland Tourism Promotion Area in Connection with the Establishment of a Tri-City Regional Tourism Promotion Area; and

WHEREAS, that said Ordinances provide for the creation of a Regional Tourism Promotion Area with the boundaries thereof, including that territory within the city limits of the Cities of Kennewick, Pasco and Richland, Washington; provides for the proposed uses and projects to which the proposed revenues from the Special Lodging Assessment levied within the Tri-City Regional Tourism Promotion Area would be dedicated, and setting a consolidated proposed rate for the proposed Special Lodging Assessment to be levied on Lodging Businesses to fund the uses and projects of the Tri-City Regional Tourism Promotion Area for the mutual benefit of all three Cities, and after the conduct of a public hearing thereon proceeded by Notices required by law, the City Councils of the Cities of Kennewick, Pasco and Richland, Washington, have by appropriate legislative action, authorized the execution of an Interlocal Agreement to permit the establishment of the Tri-City Region Tourism Promotion Area to include collection of Special Lodging Assessments from the Lodging Businesses within their respective jurisdictions, and to contract with the Tri-City Visitor and Convention Bureau as "TPA Manager" thereof for the benefit of their respective jurisdictions.

5-27-2004

NOW, THEREFORE, for and in consideration of the mutual promises as set forth herein it is agreed 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 Act Agreement for Establishment of Tri-City Regional Tourism Promotion Area as authorized by Chapter 35.101.040 (2) RCW.

1.2 “Lodging Business” means a business located within the Cities of Kennewick, Pasco and Richland, Washington 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, sublessee, mortgagee in possession, licensee 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 Lodging Assessment” means the levy (charge) imposed by Cities of Kennewick, Pasco and Richland, Washington on the Operators of a Lodging Business within the Tri-City Regional 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 the Tri-City Regional Tourism Promotion Area.

1.6 “Association” means the Tri-City Hotel & Lodging Association, Inc., a Washington non-profit corporation.

1.7 “Commission” means the Tri-City Regional Hotel-Motel Commission, established by City Councils of the Cities of Kennewick, Pasco and Richland, Washington, whose members are appointed by the City Councils of the Cities of Kennewick, Pasco and Richland, Washington to provide recommendations to the City Councils of the Cities of Kennewick, Pasco and Richland, Washington on proposed uses and projects of the Tri-City Regional Tourism Promotion Area, pursuant to the provisions of RCW 35.101.130 (1) as provided in this Agreement.

1.8 “Tri-City Regional Area” means territorial jurisdiction within the city limits of the Cities of Kennewick, Pasco and Richland, Washington.

1.9 "Tri-City Regional Tourism Promotion Area", ("TCRTPA"), means the Tourism Promotion Area created by the City Councils of the Cities of Kennewick, Pasco and Richland, Washington pursuant to the authorization provided in RCW 35.101.080, acting jointly to create a Regional Tourism Promotion Area as authorized by RCW 35.101.040.

1.10 "TPA Manager" shall mean the Tri-Cities Visitor & Convention Bureau, a Tourism Destination Marketing Organization, as designated by the City Councils of the Cities of Kennewick, Pasco and Richland, Washington or its successor qualified to administer the operation of the Tri-City Regional 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 "Annual Budget" shall mean the Tri-City Regional Tourism Promotion Area budget for a fiscal year, as adopted or amended by the City Councils of the Cities of Kennewick, Pasco and Richland, Washington, after the receipt of a recommendation from the Tri-Cities Hotel-Motel Commission, identifying all estimated revenues from Special Lodging Assessments for the fiscal year, and providing for all proposed uses of Special Lodging Assessment revenue for the purpose of providing tourism promotion in the Tri-City Region for the ensuing fiscal year.

2. Joint Establishment of Tourism Promotion Area.

A. It is hereby understood and agreed that each of the Cities have created and established a Tourism Promotion Area for that City to be operated jointly as a single entity for the benefit of all three Cities established as a single Tourism Promotion Area designated as the Tri-City Regional Tourism Promotion Area, covering the entire area within the corporate limits of the Cities.

B. It is hereby understood and agreed by the Cities that the purpose for the formation of the Tri-City Regional Tourism Promotion Area under RCW 35.101.040 is to provide revenue to fund tourism promotion within the Tri-City area on a consolidated basis to maximize the benefit to all operators of lodging businesses within the Cities on an equal basis.

C. It is understood and agreed that the intent of this Agreement is to provide a supplemental source of funding for the promotion of tourism and convention business within the Tri-City regional area, and the Special Lodging Assessment to be levied by the Cities under the authority of this Agreement separate and independent of the Lodging Tax authorized by RCW 82.14.410, and is not intended to supplant such lodging tax or reduce existing financial commitments by the Cities to the Tri-Cities Visitor and Convention Bureau below 2004 spending levels.

3. Levy of Special Lodging Assessments on Lodging Businesses within the Tri-City Regional Tourism Promotion Area.

A. The City Council of each of the Cities shall levy a Special Lodging Assessment on the Operators of Lodging Businesses within their jurisdictions uniformly throughout the Tri-City Regional Tourism Promotion Area as follows:

Classification A:	\$ 1.50
Classification B:	\$ -0-

B. It is understood and agreed by and between the Cities that the Tri-City Regional Tourism Promotion Area shall include the following Classifications:

- (i) **Classification A.** Classification A encompasses all Lodging Businesses located within the incorporated city limits of the Cities of Kennewick, Pasco and Richland, Washington that furnish lodging taxable by the Washington State Department of Revenue under Chapter 82.08 RCW that has forty (40) or more lodging units, except those identified in Classification B.
- (ii) **Classification B.** Classification B encompasses Lodging Businesses located within the Tourism Promotion Area, other than hotels, motels, and bed and breakfast facilities. Lodging Businesses within this classification would include (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 persons 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 students 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 and are in addition to those special assessments that may be levied under Chapter 35.87A RCW.

C. Any change in the Special Lodging Assessment rates for any Classifications as set forth above shall be made only by amendment of the enacting legislation adopted by an affirmative vote of a majority plus one of each of the City Councils of the Cities. No increase in the Special Lodging Assessment rates for any Classification or any change in the definitions of any Classification shall be made by the City Councils of the Cities, except upon the affirmative recommendation of the Tri-Cities Regional Hotel and Motel Commission.

4. Use of Special Assessment Revenues For the Promotion of Tourism and Convention Center Business in the Tri-City Region.

A. It is understood and agreed that all of the revenues from Special Lodging Assessments collected by the Cities shall be paid to the TPA Manager, monthly for application only in accordance with the adopted budget of the Tri-City Regional Tourism Promotion Area. The initial budget for the remainder of the calendar year 2004 shall be submitted by the 1st day of September, 2004. Commencing calendar year 2005, and for each calendar year during the term of this Agreement, an annual budget and business plan shall be proposed by the TPA Manager to the Tri-City Regional Hotel and Motel Commission on or before September 1st of each calendar year. The Tri-City Regional Hotel and Motel Commission shall consider the proposed budget and business plan and, after making such modifications as it deems necessary for the accomplishment of the purposes of the TCRTPA, submit its recommended annual budget and business plan to the City Councils of the Cities on or before October 1st of each calendar year. The City Councils shall have the ultimate authority to set and approve all annual budgets which approval shall be completed prior to the commencement of the budget year.

In the event one or more City Councils do not approve the recommended budget, the objection shall be circulated to the other City Councils for consideration. After due consideration, each City shall again vote on the adoption of the recommended budget. The affirmative vote of two or more Cities shall be sufficient for the adoption of the annual budget, subject to the rights of termination of this Agreement as provided in Section 7 below.

B. The Cities shall during the term of this Agreement and for a term of three years thereafter, have the right, upon reasonable notice and at such reasonable times, have access to, and the right to examine and audit, any records, documents, papers and books of account of the Commission and the TPA Manager regarding the application of the Special Assessment Revenues for compliance with their application for the purposes identified in Section C. below.

C. The revenue from the Special Lodging Assessments collected from the Operators of Lodging Businesses within the Tourism Promotion Area shall be dedicated to the following uses and projects:

- i. The general promotion of tourism within the Tri-Cities Regional Area as specified in the TPA business plan to be adopted annually;
- ii. The marketing of convention, conferences and trade shows that benefit local tourism and the Lodging Business in the Tri-Cities Regional Area;
- iii. The marketing of the Tri-Cities Regional Area to the travel industry in order to benefit local tourism and the Lodging Businesses in the Tri-Cities Regional Area;
- iv. The marketing of the Tri-Cities Regional Area to recruit sporting, athletic, recreational, entertainment, performing arts and cultural events in order to benefit tourism and the Lodging Businesses within the Tri-City Regional Area for the purpose of increasing overnight visitor stays within the region.
- v. Provide marketing and event assistance for qualifying non-profit events that represent a substantial likelihood of benefiting tourism and lodging businesses in the Tri-City Regional Tourism Promotion Area that represent a substantial likelihood of benefiting Tourism and Lodging Business in the Tri-City Tourism Promotion Area and for the purpose of increasing overnight visitor stays within the region.

5. Creation of Tri-City Regional Hotel-Motel Commission.

A. It is understood and agreed that it is hereby created, pursuant to RCW 35.101.130 (1), the Tri-City Regional Hotel and Motel Commission ("Commission") to advise the Cities on the expenditure of Special Lodging Assessment revenues to fund tourism promotion within the Tri-City region.

B. The Commission shall consist of six (6) voting Members and three (3) *ex officio* Members. Two voting members shall be selected by the Kennewick City Council from a list of nominees prepared by the Tri-City Hotel and Lodging Association from Operators of Lodging Businesses within the city limits of the City of Kennewick. Two (2) voting members shall be selected by the Pasco City Council from a list of nominees prepared by the Tri-City Hotel and Lodging Association from Operators of Lodging Businesses within the city limits of the City of Pasco. Two voting members shall be selected by the Richland City Council from a list of nominees prepared by the Tri-City Hotel and Lodging Association from Operators of Lodging Businesses within the city limits of the City of Richland. In no event shall fifty percent (50%) or more of the voting membership of the Commission be selected from the same Lodging Ownership or Management Company within the Tri-City Regional Area. The City Manager or his or her Designee from each of the three Cities shall serve as an *ex officio* member. All Commission members, voting and *ex officio* may participate in all discussions regarding

proposed activities and programs by the Tri-City Regional Tourism Promotion Area for promotion and marketing of tourism. *Ex officio* members shall not have voting rights, except in the event of a tie vote among the voting members at which time, each *ex officio* member may cast a vote to break the tie. Any vacancy on the Tri-City Regional Hotel and Motel Commission shall be filled by the appointing City, from a list of nominees prepared by the Tri-City Hotel and Lodging Association for voting memberships within thirty (30) days from the date the vacancy occurs.

C. It is understood and agreed that the initial voting members of the Commission shall serve staggered terms, with one member serving a one-year term and the second member serving a two-year term. The length of the term for each individual voting member of the initial Commission shall be chosen by lot at the first meeting of the Commission. Thereafter, all voting members subsequently appointed to the Commission shall serve a term of two years. No voting member shall serve more than two consecutive terms as a Member of the Commission unless such subsequent term is separated by at least twelve (12) months from the last date of service as a Member of the Commission. A Member may be removed from the Commission by three-fourths (3/4) affirmative vote of the Commission for actions deemed to be adverse to the interest of the Commission. Such actions may include unexcused absences from three meetings of the Commission within a twelve (12) month period; failure to perform assigned duties and responsibilities; and conduct detrimental to the best interests of the Commission. Succeeding and replacement voting members shall be selected by each City as provided above for the selection of the initial voting members of the Commission.

6. Contract For Management of the Tri-City Regional Tourism Promotion Area.

The Cities shall contract with, and appointed the Tri-Cities Visitor & Convention Bureau as the initial TPA Manager for the operation of the Tri-City Regional Tourism Promotion Area. Such contract shall provide for the operation of the Area in compliance with the terms of this Interlocal Agreement, Ordinances and Resolutions adopted by the Cities, and with all regulations lawfully imposed by the State Auditor or other State Agencies.

7. Modification or Disestablishment of the Tri-City Regional Tourism Promotion Area.

A. The respective City Councils of each City may, by the affirmative vote of a majority plus one or the whole Council, modify the provisions of the Ordinance establishing its Tourism Promotion Area and participation in the Tri-City Regional Tourism Promotion Area, or provide for the disestablishment of its Tourism Promotion Area and/or its withdrawal from the Tri-City Regional Tourism Promotion Area in the manner as provided by RCW 35.101.140 after adapting a Resolution of Intention for such effect and providing for a public hearing as required by law. Such Resolution of Intention shall describe the change or changes proposed, or indicate that it is the intention to disestablish its Tourism Promotion Area or withdraw from the Tri-City Regional Tourism Promotion Area, and shall state the time and the place for a public hearing to be held before the City Council to consider the proposed action. Any City, after Public Hearing,

having taken action to modify or disestablish a Tourism Promotion Area, shall provide notice of such action to the other parties of this Agreement no less than 300 days prior to the date the intended action is to be effective, unless such notice is waived by the other parties to this Agreement. Such modification or disestablishment of a Tourism Promotion Area shall become effective on the first day of the next calendar year unless an alternative effective date is agreed by all parties. Upon the withdrawal or disestablishment by any City, the remaining Cities may elect to continue participation in this Interlocal Cooperative Agreement or to terminate this Agreement.

B. If the Operators of Lodging Businesses which pay over forty percent (40%) of the Special Lodging Assessments within any of the Cities of Kennewick, Pasco or Richland, Washington file a Petition with the City Council requesting that the City Council adopt a Resolution of Intention to Modify or Disestablish that City's Tourism Promotion Area or withdraw from the Tri-City Regional Tourism Promotion Area, that respective City Council shall adopt a Resolution and act upon it as required by law. Signatures on such Petitions shall be those of duly authorized representatives of the Operators of Lodging Businesses within that respective City.

C. In the event a Resolution initiated under the provisions of either Section A or B above, proposes modification of the provision of the enacting Ordinance, disestablishment of the City's Tourism Promotion Area or withdrawal from the Tri-City Regional Tourism Promotion Area, the City Council of such City shall adopt the requested modification, disestablishment of its Tourism Promotion Area, or withdrawal from the Tri-City Regional Tourism Promotion Area; unless at such public hearing, protest against disestablishment or withdrawal is made by the Operators of Lodging Businesses paying over fifty percent (50%) of the Special Lodging Assessments within the City's Tourism Promotion Area.

8. Miscellaneous Provisions:

A. Duration and Termination of this Agreement. (1) This Agreement shall commence upon the date of execution by all the parties hereto and terminate on the 31st day of December, 2009. (2) This Agreement shall automatically be renewed thereafter for additional three (3) year terms unless any City gives written Notice of its intent to not renew this Agreement no less than one year prior to the expiration of the current term. This Agreement may be terminated in whole or in part by legislative action for disestablished as provided in Section 7 above. In the event of disestablishment, each City shall be responsible for the utilization of any remaining unallocated revenue from the Special Lodging Assessments solely for the purpose of promotion of tourism within the City collecting the Special Lodging Assessment.

B. Property and Equipment. In the event, that any property or equipment is purchased by the TPA Manager from Special Lodging Assessment revenues, such property and equipment shall be made available, together with all information, data and records collected by TPA Manager to the successor TPA Manager for its use in conjunction with providing similar services. In the event of the withdrawal of any City from the TPA and election by the remaining

Cities to continue under the terms of this Interlocal Agreement, all property, equipment, information and documents shall be retained by and become the property of the remaining City participants. In the event of a disestablishment of the Tri-City Regional Tourism Promotion Area, all property and equipment or the proceeds from the sale thereof, shall be equally divided among the Cities. In such event, all information, documents and data accumulated in the performance of this Agreement by the TPA Manager shall be made equally accessible to each of the Cities.

C. Interlocal Agreement Administration. For the purpose of compliance with RCW 39.34.030 (4)(a), the Tri-City Regional Hotel and Motel Commission, organized as a joint board, shall be responsible for administering the joint cooperative undertakings required by this Agreement.

D. Waiver. No officer, employee or agent of the Cities 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 any of the parties shall be held to be a waiver of any subsequent breach. Failure of any party 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 thereof, or the right of any party hereto to hereafter enforce each and every such provision.

E. Records. All records and documents with respect to all matters covered by this Interlocal Cooperative Act Agreement held by any party to this Agreement, shall be subject to inspection, review or audit by any City during any term or renewal term of this Agreement and for three (3) years after its termination.

F. Integration. This Agreement contains all of the terms and conditions agreed upon by the Cities concerning the establishment of the Tri-City Regional Tourism Promotion Area by the Cities, and the collection of Special Lodging Assessments from Operators of Lodging Businesses within the area. 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. Each party is represented by and has the assistance of legal counsel and have read and understand all of the terms of this Agreement, and further acknowledge that no representations, promises, or agreements not expressed in this Agreement, have been made to induce the officials of Cities or the Bureau to execute this Agreement.

G. 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 affected or impaired thereby.

H. Execution of Agreement. This Agreement shall become effective upon the date provided in Section 8. A. above, and each signatories warrants their authorization to execute this Interlocal Agreement by prior actions of their respective City Councils.

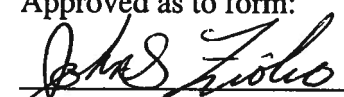
IN WITNESS WHEREOF, the City of Kennewick, the City of Pasco, and the City of Richland, Washington by their authorized officials have executed this Agreement pursuant to all requirements of law on this 1st day of June, 2004.

CITY OF KENNEWICK

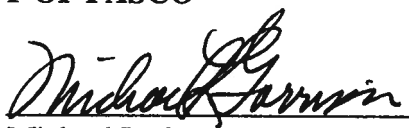
By: 
James Beaver, Mayor


Attest: 
Valerie Loffler, City Clerk

Approved as to form:

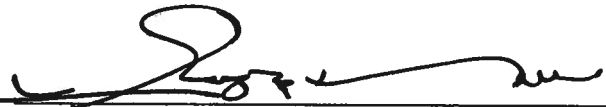

John Ziobro, City Attorney

CITY OF PASCO

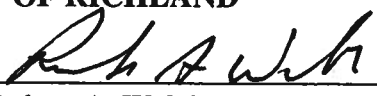
By: 
Michael L. Garrison, Mayor

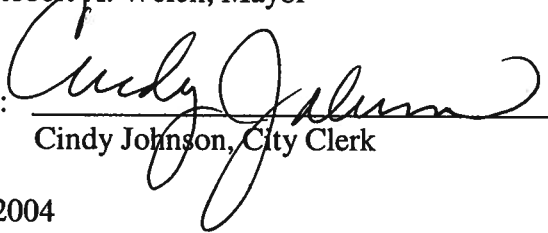
Attest: 
Webster U. Jackson, City Clerk

Approved as to form:


Leland B. Kerr, City Attorney

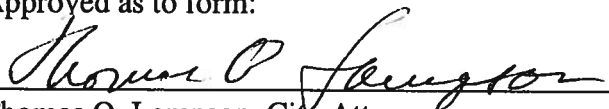
CITY OF RICHLAND

By: 
Robert A. Welch, Mayor

Attest: 
Cindy Johnson, City Clerk

5-27-2004

Approved as to form:



Thomas O. Lampson, City Attorney

5-27-2004