

**BOARD OF ISLAND COUNTY COMMISSIONERS
MINUTES OF MEETING DECEMBER 20, 1999**

The Board of Island County Commissioners (including Diking Improvement District #4) met in Regular Session on December 20, 1999, at 9:30 a.m., Island County Courthouse Annex, Hearing Room, Coupeville, Wa., with Mike Shelton, Chairman and William F. Thorn, Member, present. Wm. L. McDowell, Member, was absent.

By unanimous motion, the Board approved and signed the following minutes: November 8, 1999, Special Session and Regular Session; November 15, 1999, Special Session and Regular Session.

VOUCHERS AND PAYMENT OF BILLS

The following vouchers/warrants were approved for payment by unanimous motion of the Board: **Voucher (War.) #64902-65152..... \$ 605,995.65.**

APPOINTMENTS/ RE-APPOINTMENTS

By unanimous motion, the Board reappointed Lyla Snover to the Conservation Future Citizens Advisory Board.

LIQUOR LICENSE NO. 081096-4A

The Board, having received a recommendation of approval from the Island County Sheriff, by unanimous motion, forwarded a recommendation of to the State Liquor Control Board for Liquor License No. 081096-4A, application in lieu of current privilege by Kari S. and Jonathan D. Soth, d/b/a Camano Island Inn.

**ISLAND COUNTY PUBLIC FACILITIES FUND, 2% HOTEL-MOTEL LODGING TAX
PROJECTS/ACTIVITIES FUNDING, 2000 TOURISM PROGRAM YEAR**

Before the Board at this time was the recommended Island County Public Facilities Fund 2% Hotel-Motel Lodging Tax-Tourism Promotion 2000 Program Year projects and activities funded by 2% tax revenues, recommended by the Island County Lodging Tax Advisory Committee. By unanimous motion the Board approved the projects & activities Funded by 2% Tax Revenues for 2000 program year in the aggregate amount of \$58,020.

**ISLAND COUNTY PUBLIC FACILITIES FUND
2% HOTEL-MOTEL LODGING TAX – TOURISM PROMOTION
2000 PROGRAM YEAR**

PROJECTS & ACTIVITIES FUNDED BY 2% TAX REVENUES

<u>ORGANIZATION</u>	<u>AMOUNT</u>
CAMANO ISLAND CHAMBER OF COMMERCE	\$ 3,000
Camano Island Map & Artist Tour Program	
CAMANO ISLAND INNKEEPERS ASSOCIATION	1,000
Camano Island Lodging & Amenities Brochure	
CASCADE LOOP ASSOCIATION	400
Cascade Loop Travel Guide	
CENTRAL WHIDBEY CHAMBER OF COMMERCE	7,175
Shoulder & Off-Season Tourism and Tourism Promotion (Map - \$3,700, off-island distribution; Dance - \$3,475, off-island advertising	
FREELAND CHAMBER OF COMMERCE	4,194
Visitor Information Center – Operating Costs (excluding staffing costs)	
ISLAND COUNTY HISTORICAL SOCIETY MUSEUM	4,375
Waterways to Highways Brochure	
ISLAND DISTRICT ECONOMIC DEVELOPMENT COUNCIL	19,125

Off-Season Tourism Marketing Program (Brochures, Rack Cards, Advertising)	
LANGLEY CHAMBER OF COMMERCE	6,625
Tourism Marketing & Fulfillment Program	
LANGLEY CHAMBER OF COMMERCE	3,438
Distribution of Brochures & Accommodation Referral Service	
NORTH WHIDBEY LIONS CLUB	1,500
Annual Car Show	
OAK HARBOR CHAMBER OF COMMERCE	7,188
Marketing Program – Off-Island advertising	
TOTAL:	\$ 58,020

APPROVED By **BOARD OF ISLAND COUNTY COMMISSIONERS**
 DATE: 12/20/99 Mike Shelton, CHAIRMAN
 William F. Thorn, MEMBER
 [absent Wm. L. "Mac" McDowell, Member]

ATTEST:
 Margaret Rosenkranz, Clerk of the Board

CONTRACT WITH ISLAND DISTRICT ECONOMIC DEVELOPMENT COUNCIL FOR 2% LODGING TAX 2000 TOURISM PROGRAM YEAR

Tom Shaughnessy, Executive Director, Island District Economic Development Council (EDC) was present in support of proposed action to approve Contract #RM-BOCC-99-0028 between the County and EDC for 2% Hotel-Motel Lodging Tax Revenues 2000 Tourism Program year in the amount of \$19,125.00 for Off-Season Tourism Marketing Program.

By unanimous motion, the Board approved Contract #RM-BOCC-99-0028 between Island County and EDC as presented.

1999 2% HOTEL-MOTEL CONTACT WITH FREELAND CHAMBER

By unanimous motion, the Board approved and signed Contract #RM-BOCC-99-0028D, between Island County and the Freeland Chamber of Commerce, having now received a letter dated 12/3/99 from the Freeland Chamber reaffirming letter of October 17, 1999 regarding the Chamber's commitment to use the monies for the purpose originally intended, which is \$4,000 for preparation and distribution of brochures and \$1,000 for the Visitor Information Center.

2000 CONSOLIDATED HEALTH CONTRACT WITH STATE DSHS

The Board, by unanimous motion, approved 2000 Consolidated Contract #C08611 between Department of Health and Island County in the amount of \$315,248.00 providing funding for a variety of public health programs.

HIRING REQUESTS & PERSONNEL ACTIONS

The Board, on presentation and review by Dick Toft, Human Resource Director, approved by unanimous motion, the following personnel action authorizations:

PAA 136/99	Engr Tech II, I #2227.02	Replacement	12/20/99
PAA 137/99	Plans Ex. Bldg In/Tr. #418	New Position	12/20/99
PAA 139/99	Adm. Asst. #2206	Replacement	1/3/00
PAA 138/99	Micro Cptr Spt Tech #706.02	Replacement	12/20/99
PAA 140/99	Network Adm. #710	New Position	12/20/99
PAA 141/99	Hydrogeologist #2425	Reclassification	12/20/99

CLAIM FOR DAMAGES, R99-045CD, SUSAN HAMILTON

Betty Kemp, Director, GSA/Risk Management, presented Claim for Damages #R99-045CD by Susan Hamilton. The incident occurred on September 10, 1999, on Honeymoon Bay Road and had to do with a monument cover hitting her vehicle. Ms. Hamilton was traveling one direction and an on-coming car hit the monument cover which hit the Hamilton car and caused \$2000 worth of damage. It was Ms. Kemp's opinion that while unfortunate, this is a natural road hazard and the claim should be denied.

Lew Legat, County Engineer, explained that a monument cover is a cast iron cover in the roadway. For a monument cover to fly out is a rare occurrence. The County's survey had not been in that area and opened up that cover prior to the incident. It could be that someone else could have pried it open and did not get it back in place.

Based on the advice and recommendation of the Risk Manager and Public Works Department, the Board by unanimous motion denied Claim for Damages #R99-045CD.

WSDOT TURNBACK AGREEMENT TB 1-0136

The Board, by unanimous motion, approved Washington State Department of Transportation (WSDOT) Turnback Agreement #TB 1-0136 for State Highway project in the vicinity of Bayview Road to install signals and improve the channelization at intersection of 525 and Bayview Road, including turn pockets.

WSDOT TURNBACK AGREEMENT TB 1-0135

The Board, by unanimous motion, approved WSDOT Turnback Agreement #TB 1-0135 for a project in the vicinity of Classic Road; to widen and overlay existing SR 525, including bus pullouts, drainage, right turn pockets and other work.

AWARD OF BID FOR WILKINSON ROAD CLOSURE

Mr. Legat reminded that bids had been opened for the Wilkinson Road Closure project under CRP 99-01, W.O. 103, determining low bidder Jones & Company. That bid, however, was rejected based upon recommendation from Chief Civil Deputy Prosecuting Attorney inasmuch as the bidder did not submit a complete bid proposal and the exclusions were significant enough to disqualify the bidder. Mr. Legat recommended the Board award bid to the next lowest bidder, Wyndham Designs, Inc., Renton, in the amount of \$27,686.75.

By unanimous motion, the Board awarded bid for the Wilkinson Road Closure project, CRP 99-01, Work Order 103, to Wyndham Designs, Inc. in the amount of \$27,686.75, awarding to next lowest bidder based on reasons so stated by the County Engineer.

**RESOLUTION #C-166-99 (R-44-99) - ADJUSTING PERMIT FEE SCHEDULE
TO REFLECT CHANGES IN REVIEW PROCESS**

Mr. Legat presented proposed Resolution #C-166-99 (R-44-99) to adjust the permit fee schedule to reflect changes in review process. Along with the proposed resolution, Mr. Legat for purposes of comparison, provided the Board with copies of the proposed fee schedule along and current fee schedule. This basically represents a clarification of fees and not an increase in fees, because there had been some confusion when people come in about the fees charged, etc.

By unanimous motion, the Board adopted Resolution #C-166-99 [R-44-99].

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF ISLAND COUNTY, WASHINGTON**

IN THE MATTER OF REVIEWING AND) **RESOLUTION NO. C -166 -99**
AMENDING THE PUBLIC WORKS FEE) **R - 44 -99**
SCHEDULE

WHEREAS, on November 23, 1998, the Board of Island County Commissioners adopted a new Public Works Fee Schedule to address costs associated with the adoption of new processes, procedures and official land use controls pursuant to RCW 36.70A, the Growth Management Act; and

WHEREAS, the public and the staff have used the fee schedule for one year and found that there are some confusing or inconsistent descriptions that need to be clarified and some missing application processes that need to be addressed; and

WHEREAS, the previous Resolution, R-50-98, required that the fees in Exhibit A be reviewed and updated on an annual basis; **NOW, THEREFORE**,

BE IT HEREBY RESOLVED, that the revised fee schedule attached as Exhibit A shall be established and the fees paid to Island County for deposit, at the time of application or submittal of approval, whichever is applicable.

BE IT HEREBY FURTHER RESOLVED, that Exhibit A shall become effective on December 31, 1999.

ADOPTED this 20th day of December, 1999.

BOARD OF COUNTY COMMISSIONERS

ISLAND COUNTY, WASHINGTON

Mike Shelton, CHAIRMAN

[absent – Wm. L. McDowell, Member]

William F. Thorn, Member

ATTEST: Margaret Rosenkranz
Clerk of the Board BICC 99-714

**SUPPLEMENTAL AGREEMENT TO DATUM PACIFIC CONTRACT
FOR HOLMES HARBOR DRAINAGE STUDY**

The Board, by unanimous motion, approved Supplemental Agreement No. 1 to the existing Agreement #PW-992025 with Datum Pacific, Inc., for a drainage study for Holmes Harbor Sewer District, under Work Order #281, extending contract period to March 31, 00 in order to complete tasks assigned.

WASTE MANAGEMENT OF SKAGIT COUNTY CONTRACT EXTENSION #3

The Board, by unanimous motion, approved Extension #3 to existing Contract with Waste Management of Skagit County Contract, regarding recycling services on Camano Island, effective 1/1/2000 through 12/31/2000.

HEARING HELD: OPEN SPACE APPLICATION #OPS 751-99 MARY M. HALSEN

A Public Hearing was held at 10:45 a.m. as legally noticed, to consider Open Space Application #OPS 751-99 by Mary M. Halsen, requesting 13 acres of a 14.25 acre parcel be designated open space, pursuant to RCW 84.34, Assessor's Parcel: R13106-45263460, off State Highway 20, on Cedar Hollow Lane, located in Central Whidbey, in the Northeast ¼ of Section 6, Township 31N, Range 1 East, W.M.

Phil Bakke, Island County Planning Director, explained that in early 1999 Ms. Halsen submitted application. The Planning Department reviewed the application, determined that the property is currently zoned Rural in the current zoning ordinance. Subject property is completely surrounded by Washington State Park lands zoned park and identified in the Island County Comprehensive Plan Land Use Element as park lands. Mr. Bakke pointed out the specific location of the property on a map posted on the wall during the hearing. The property was acquired through a land swap with Washington State Parks Department, segregated out the piece of property almost in the center of the property owned by the parks service, providing a 30' wide access easement to the subject piece of property. Several properties in this area are currently in open space.

Mr. Bakke recommended approval, subject to two conditions, and confirmed that the applicant agreed with the conditions.

At the time the Chairman opened the hearing for public comments, no one came forward to speak either for or against

approval of said application.

By unanimous motion, the Board approved Open Space application #OPS 751/99 by Mary M. Halsen, relating to Assessor's Tax Parcel #R13106-452-3460, subject to the recommended conditions by the Planning Department:

1. The outer boundary of the property may not be fenced; and
2. Native vegetation and trees must be retained with the exception of the removal of danger trees, construction of an access road to the building site and development of nature trails.

FINANCIAL REPORTS AND GENERAL COMMENTS

Treasurer's Current & YTD Cash Report and County Investment Report

Maxine Sauter, Island County Treasurer, briefed the Board from her November Statement of Cash Operations dated December 14, 1999. She noted that revenues in certain areas would probably exceed budgeted estimates, but Sales tax equalization would be under budget. It appeared that expenditures would exceed budget projection as will revenues, and she hoped to end the year in a good position. The Treasurer has invested \$61,338,000 as of December 11th; rates are running right around 5.75 to 5.90% for the last three months. As far as interest rates for the coming year, she anticipated rates staying relatively the same.

Auditor Monthly Review of Revenues and Expenditures

Suzanne Sinclair, Island County Auditor, provided her November report dated December 17, 1999. Chairman Shelton noted the difference between the Treasurer's Report and Auditor's Report with respect to investment interest, \$968,000 shown on the Treasurer's report and the Auditor's statement shows it at \$792,000. Commissioner Thorn noted a substantial difference shown in District Court, Prosecuting Attorney, Sheriff, Investment Interest, all substantially lower in the Auditor's Report.

Ms. Sinclair thought it was primarily a timing issue, or a reclassification or reporting error, but she needed to go back and review the figures.

Ms. Sauter has the accountant compare what the Auditor shows, and agreed to provide those comparisons for the Commissioners.

HEARING HELD: ORDINANCE NO. C-154-99 ESTABLISHING AND LEVYING AN ADDITIONAL TWO PERCENT SPECIAL EXCISE TAX ON LODGING FOR TOURISM PROMOTION

A Public Hearing was held at 1:30 p.m. as scheduled and advertised to consider proposed Ordinance #C-154-99 Establishing and Levying an Additional Two Percent Special Excise Tax on Lodging for Tourism Promotion. The proposed ordinance would establish and levy an additional two percent special excise tax on the sale of lodging in Island County to be used to promote tourism. At the time of hearing, approximately 14 interested people were in attendance.

Chairman Shelton recalled that Commissioner McDowell, previous Chairman of the Board, met last year with the three mayors to consider the adoption of an additional 2% tax available under the law for the express purpose of putting together a tourism promotion program. The meeting with the mayors was subsequent to a meeting at the Courthouse where a consultant presented to the Board of County Commissioners the opportunities that would exist under the tourism promotion program. Repeatedly, the Board has been advised that the Bed & Breakfast Association and the Chambers totally support this, which has been further reaffirmed in testimony received by the various Town and City Councils. The Board is now at the point to consider adopting of the 2% additional tax for those establishments located in unincorporated Island County. The Ordinance requires that the town and the two cities adopt an additional 2% lodging tax, and he noted that Oak Harbor and Town of Coupeville both had done so. The

Langley City Council last week approved an additional 1% tax adding to the 3% Langley previously adopted. The latest word he has received is that both Oak Harbor and Coupeville were contemplating leaving the existing 2% in place which would, coupled with the county's adoption of this, provide adequate funds for the type of tourism promotion that has been desired from the beginning.

Tamura Sipes, Oak Harbor Chamber of Commerce, read two letters in the record, both under today's date:

We at the Best Western Harbor Plaza are for an additional 2% hotel-motel tax. Our main concern is that these additional 2% monies be spent solely on an off-island advertising campaign promoting Whidbey Island as a whole. Some items to think about in regards to the additional 2% tax:

- 1. We are one of the few areas in the State of Washington who haven't already started collecting the additional 2% tax.*
- 2. In my career in the hotel industry, I have never had a guest complain or say they wouldn't stay in a certain area because of the tax.*
- 3. What better way to generate additional advertising dollars than to have the tourists coming to the area supplement the cost.*
- 4. No one business could afford or generate the exposure that a collective advertising campaign could bring to that particular business or its area.*

Please feel free to call me with any questions regarding these remarks for the proposed 2% hotel-motel tax.. Sincerely, Desmond Mueller, General Manager, Best Western Harbor Plaza.

I have been a member of the Hotel-Motel Advisory Board for the City of Oak Harbor and Island County. I strongly support the additional 2% tax increase. I will assist in any way to assure that the funds will be used for the benefits of our tourists and visitors. My slogan is 'by the customer for the customer'. Sincerely, Joseph Francine, owner of the Old Holland Inn.

Ms. Spies and Loretta Martin, Langley Chamber of Commerce, researched figures and numbers to provide an idea of what a marketing campaign will cost based on what it runs in other cities and areas:

Roger Brooks provided figure of about \$127,000 just to get something started for a yearly basis.

Leavenworth in 1994 spent \$127,000 getting a marketing campaign off the ground, and now have a 3% Hotel-Motel tax amount to \$250,000 a year, all going to the marketing campaign.

Bellingham spends approximately \$100,000

Grays Harbor County spends \$140,000

Ocean Shores, Long Beach, Walla Walla and the Olympic peninsula all spend approximately \$150,000 a year for a marketing campaign

For Island County, she estimated 2% additional [based on all entities @ 2% except for Langley at 1%] to \$161,000. Ms. Sipes has been in contact with Oak Harbor City Council and indicated that the majority voiced to her they are in favor of continuing on with the full 2% knowing that Langley will only be able to pool 1%. The City of Oak Harbor understands that a year ago Langley took that step. and Langley needs to continue to take care of current facilities with that 1%. She encouraged the Board pass the additional 2% tax. As far as the interlocal agreements, she was confident entities were resolving major differences and it was now just a matter of only a few minor details.

Dan Currier, Coupeville, owner of Garden Isle Guest Cottage and starting Whidbey Tourist, spoke in favor of the Board adopting the additional 2% tax in accordance with the Brooks Report. He thought Whidbey Island was one of the most beautiful islands in the country; people do not know about it and if the Island can be promoted there will be more tourists and help relieve some of the tax burdens on the people.

Robert Whitlow, Coupeville, read the following letter into the record:

I am a member of the Island County Lodging Tax Advisory Committee, president-elect of the Whidbey Island Bed and Breakfast Association, (also a past president), and owner of The Colonel Crockett Farm Bed and Breakfast Inn.

I wish to speak in favor of the Two-Percent Tourism Tax collectable by the overnight accommodations industry. Without a doubt, Whidbey Island is one of the most beautiful areas in Washington State. It is also one of the best-kept secrets in the state. There is o much to do and so much to see that we can boldly and honestly encourage our guests to stay longer. Our challenge is to bring tourists to Whidbey Island and to encourage extended overnight visits.

*The 'Chandler and Brooks report' states that each overnight guest spends an average of \$141 per day. A few years ago the State realized the positive economic impact of tourism on our communities. Thus the State provided a 2% **rebate** of the overnight-accommodation sales tax to each incorporated and unincorporated area to be used for tourism. They have now permitted the overnight-accommodations industry to charge a 2% Tourism Tax and have issued strict guidelines on how this money is to be spent.*

*It is not uncommon for tourists to help pay tourism-related expenses as we all pay additional taxes on airline tickets and accommodations in many cities. This 2% tax is a great boon for our county **if** spent entirely on an all-county marketing and advertising program, prepared and maintained by off-island professionals. The majority of our counties has already instituted this tax and is realizing extremely favorable results.*

It is honest and fair to ask those who use services to help pay for the costs of providing those services including advertising. And, in order that only tourists pay this tax, it will be collected only by the overnight-accommodations industry.

*It is a **clean tax**, as it does not tax non-users.*

*It is an **inexpensive tax**, as it will only add \$2.00 per \$100.00 to the overnight stay.*

*It is a **beneficial tax**, as all of the non-accommodation business owners will also benefit greatly from increased tourism and will **not** be collecting this tax.*

*It is a **cohesive tax**, if used properly to provide one comprehensive program for Island County and will move our communities into promoting our entire county in a common effort. Too often we are prone to see only our bit of the county.*

*It is an **efficient tax** as it will prevent the overlapping and doubling of advertising and marketing efforts, emphasizing the whole county and re-enforcing off-season months if the program is designed by off-island professionals who can view us as tourists view us.*

*It is a **democratic tax**, as it will be balanced by input from:*

Professional design and fulfillment,

A collector and user oversight committee and

Our Island County Commissioners Board.

The following entities, among others, have recommended the implementation of this tax:

The Island County Lodging Tax Advisory Committee

The Whidbey Island Bed and Breakfast Association

Oak Harbor City Council

The Island County Chamber of Commerce Coalition

Coupeville City Council

Langley City Council

How often have we had such an opportunity for;

A professionally-designed and executed marketing and advertising program,

An all-county effort,

A program paid by those who will be using those services,

Creating a far-reaching tourism vehicle,

Expanding job and business opportunities, and

Benefiting every business owner in Island County?

I ask the Island County Board of Commissioners to seize this 'once-in-a-county' opportunity by authorizing the 2% Tourism Tax, and to work with the incorporated areas in signing an Interlocal Agreement for the use of this tax for a Countywide Professional Advertising and Marketing Program executive by an off-island professional agency.

Thank you for your time and consideration.

JoAnn Lechtner, Eagle's Nest Inn, Langley, agreed with everything Ms. Sipes and Mr. Whitlow said. She added that the matter had come a long way since Chandler-Brooks presented ideas for the Island. She viewed the action before the Board today as a wonderful needed step. The coming together of the ideas as far as presentation of interlocal agreements has been wonderful and she knew there were only minor details yet to be agreed on. The important thing was to keep in mind the workable goal: needing between \$125,000 and 150,000 a year to make it work. Langley is not in the position to ante up the additional 1%, but with the other commitments, she saw the ability to be able to put together a fine and workable program, a goal worth going for. As an individual business owner and outgoing president of Whidbey Island Bed and Breakfast Association she asked that the Board adopt the additional 2% hotel-motel excise tax.

Loretta Martin, representing Langley Chamber of Commerce, some approximately 62 accommodations in the County, over 40 located in unincorporated Island County, told the Board that in polling the members, the vast majority agreed with adoption of the additional 2% tax. They realize that the benefits are not only to their own industry but also that by having more people on the island overnight would increase retail sales pool, increasing monies into the general fund and help the entire county and its citizens. They have expressed a desire to encourage, at least in the beginning stages, hiring of an off-island marketing firm because of the expertise and also to eliminate any appearance of favoritism. The other concern that has been expressed is that all the funds be used for the campaign.

Rita Kuller, representing her two businesses in Coupeville, Rita's Rainbow and Rainshadow Public Relations, a board member of the Central Whidbey Chamber of Commerce, now president-elect, praised Langley for having been progressive enacting 1% and using it already and because of that were making Whidbey Island a little more friendly for visitors. She too has remained in touch with Roger Brooks and added the following information to that already provided by Ms. Sipes. In the first year of a campaign there is probably about a \$15,000 one time expense for planning the campaign itself. In the first year there will also be about \$15,000 worth of public relations, about \$1500/mo. retainer for the firm selected; somewhere between \$25,000 and \$30,000 for the cost of printing materials to be distributed and some hard distribution costs. A good web site is needed which will take several more thousand. She believed that \$150,000 would be necessary. The Chamber was asked by the Coupeville Mayor for a letter of support before she presented the matter to the Town Council, which was done. In that letter the Chamber expressed the support of the tax with the condition that Mr. Brooks' suggestions be followed in general, particularly with respect to make up of the committee.

Sandy Roberts, Coupeville, representing the Central Whidbey Chamber of Commerce, recognized over a year ago this was something they wanted to follow through to the end. The Chamber wanted to back the Mayor and Town Council and sought the opinions of the folks the Chamber represent, some 170 members from San de Fuca to Greenbank. They found only a few people who were against the proposal. The Chamber testified in favor before the Town Council and the Council voted favorably. He asked that the Board of County Commissioners support the full 2%.

Mark Hansen, Attorney in Oak Harbor, a Freeland resident, and Board member of the Greater Oak Harbor Chamber of Commerce, stated that over the last 18 months to 2 years he had participated with the Chamber Coalition in deliberations throughout the county about this tax; had observed the 2% committee; talked with members of the lodging industry; and attended the Greenbank summit in the Fall of 1998. The vast majority of people interested in this issue support adoption of the additional 2% hotel-motel excise tax. It improves economy with minimal impact. Tourism is the second largest industry, the third largest industry in the State of Washington and this is an opportunity to promote and enhance tourism without spending money from the general fund and without taxing constituents directly.

From the Chandler-Brooks Report dated 8/3/98 [copy on file with the Clerk of the Board BICC 99-716-B] Mr. Hansen quoted the following:

It is our opinion that the lack of marketing has hampered the tourism industry in Island County

Imagine the power a \$100,000 annual marketing effort; imagine the power of a \$250,000 marketing effort. Island County through a coordinated professional marketing effort could easily bolster its tourism industry from 90 million a year to 150 million, focusing on tourism during the shoulder season, October through March, when it is needed the most.

In summary, communities who are following these guidelines are seeing 15% to 20% annual increases in lodging revenues, three times the State's annual average increase. Retail sales and other related businesses are also seeing increased revenues. Island County has a great deal to offer and strong potential to build on its tourism industry. Tourism does not require new development and if marketed properly can produce minimal impacts by targeting audiences that can travel when visitors are most needed.

He learned from Roger Brooks that the objective of the tax is not necessarily to bring more people to Island County, but to get the people who are already coming here to spend the night or to stay longer. The average overnight visitor spends five times more than the day time visitor. The objective of the marketing effort is overnight stays from October to March, Sunday through Thursday, which provides the least impact on infrastructure and allows use of existing capacity. Many surrounding counties and cities have enacted the tax. The tax can always be rescinded if it does not work; the interlocal agreements provides a way to opt out. Mr. Hansen worked at some length on the interlocal agreement, and provided to the Commissioners a copy of his memorandum dated December 16, 1999, with copies of the two latest versions of the interlocal agreement. The language issues are not insurmountable.

With regard to the proposed Ordinance, the bottom of page one he thought perhaps should be modified so as to include only the 1% for Langley, although he thought it could be assumed that the language covers it because Langley has 2% but only directing 1% towards the pool fund. Also, he pointed out that the language says that "special excise tax by December 31, 1999 and that those cities and the county have entered into an Interlocal Agreement to jointly use the funds generated by the additional tax...".

Commissioner Thorn believed that the way the last paragraph in the ordinance currently read, that the December 31, 1999 date referred to the adoption of the additional 1 2% tax and does not tie the interlocal agreements to December 31, 1999. He had no problem at all with Langley contributing at the 1% level; and Langley's participation even if they benefit slightly to their advantage he did not see that to anyone else's disadvantage. He commented that it was not often there is an opportunity for business development that pays for itself, and that appealed to him. He considered this an opportunity and something the County should support. One point he did make was that folks should adjust their thinking and not put Camano Island in a back corner, and remember this is to be a County-wide marketing effort. There is a very active Camano Innkeepers organization, some beautiful new inns on Camano, and he invited attendees to go and see those. He sincerely wanted those to be an active part in this and a contributor.

Chairman Shelton told the people present that it went without saying that as the tax is collected it would go only to the purpose collected for. In terms of an off-island consultant, he thought the selection of the consultant would be done by the committee but could not agree more that it would be a mistake to hire a local consultant. One of the things that is clearly happening as a result of this is a spirit of cooperation among the entire county that has never existed before and in that regard he thought it was a wonderful thing. Including Camano Island County as Commissioner Thorn mentioned is important, and he encouraged that the folks involved take the extra step to include Camano. He also encouraged taking the time and extra effort to hold some of the committee meetings on Camano Island every once in awhile, and to take advantage of the trip over to see what Camano Island has to offer in terms of the lodging community.

The Chair proposed a minor change to the ordinance, page one, bottom paragraph, 4th line down after "county" change "have entered" to "will enter". He did not think the 2% language in that paragraph needed changing because Langley did adopt the additional 2% [the distribution of Langley's 2% will be covered in the agreement].

BOARD ACTION:

Commissioner Thorn moved that the Board adopt Ordinance #C-154-99 establishing and levying an additional 2% special excise tax on lodging for tourism promotion, with the following modification: in paragraph entitled IT IS FURTHER ORDAINED, that it read as follows:

IT IS FURTHER ORDAINED that this ordinance shall not take effect unless the Town of Coupeville, City of Langley, and City of Oak Harbor have each adopted an additional two percent lodging special excise tax by December 31, 1999 and that those cities and the county will enter into an Interlocal Agreement to jointly use the funds generated by the additional tax to contract for tourism promotion services. If those actions are not taken this ordinance shall be null and void.

Motion, seconded by Commissioner Shelton, carried unanimously.

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF ISLAND COUNTY, WASHINGTON**

ORDINANCE ESTABLISHING AND LEVYING)
AN ADDITIONAL TWO PERCENT SPECIAL) Ord. No. C-154-99
EXCISE TAX ON LODGING FOR TOURISM)
PROMOTION)
_____)

WHEREAS, In 1997, RCW 67.28.181 was adopted that authorizes cities and counties to levy and collect an additional two percent special excise tax on the sale or charge made for the furnishing of lodging; and

WHEREAS, the statute provides that such tax shall be levied only to pay for all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities; and

WHEREAS, a professional report prepared by Roger Brooks of Chandler & Brooks, Inc. recommended that the additional two percent tax be implemented by Island County and the cities in the county to be used to promote additional tourism to generate local economic development; and

WHEREAS, both the Island County Lodging Tax Advisory Committee and the Island County Bed and Breakfast Association have recommended implementation of the additional two percent tax to promote tourism; and

WHEREAS, Island County desires to establish and levy such a tax so long as the Town of Coupeville, City of Langley, and City of Oak Harbor enact such a tax and that those cities, along with the county, enter into an Interlocal Cooperation Agreement to use the funds to contract for tourism promotion to the cities and county; **NOW, THEREFORE,**

IT IS HEREBY ORDAINED that an additional two percent special excise tax be levied on the sale or charge for lodging in Island County as set forth on Exhibit "A" attached hereto.

IT IS FURTHER ORDAINED that this ordinance shall not take effect unless the Town of Coupeville, City of Langley, and City of Oak Harbor have each adopted an additional two percent lodging special excise tax by December 31, 1999 and that those cities and the county will enter into an Interlocal Agreement to jointly use the funds generated by the additional tax to contract for tourism promotion services. If those actions are not taken this ordinance shall be null and void.

Reviewed this 24th day of November, 1999, and set for public hearing on the 13th day of December, 1999 at 3:30 p.m. in the Commissioners' Hearing Room.

**BOARD OF COUNTY COMMISSIONERS
ISLAND COUNTY, WASHINGTON**
Mike Shelton, Chairman
Wm. L. McDowell, Member
William F. Thorn, Member

ATTEST: Margaret Rosenkranz

Clerk of the Board BICC 99-716-A

Rescheduled from December 13, 1999, at 3:30 p.m. to December 20, 1999 at 1:30 p.m.

Dated: December 1, 1999

Mike Shelton, Chairman
Wm. L. McDowell, Member
William F. Thorn, Member

Ordinance C-154-99 is adopted this 20th day of December, 1999 following public hearing.

**BOARD OF COUNTY COMMISSIONERS
ISLAND COUNTY, WASHINGTON**

Mike Shelton, Chairman
William F. Thorn, Member
[absent- Wm. L. McDowell, Member]

ATTEST: Margaret Rosenkranz
Clerk of the Board

APPROVED AS TO FORM:

David L. Jamieson, Jr.
Deputy Prosecuting Attorney and
Island County Code Reviser

EXHIBIT "A"

Chapter 3.06A

Additional Lodging Excise Tax for Tourism Promotion

3.06A.010 Tax Levy

Pursuant to RCW 67.28.181, there is hereby levied a special excise tax of two percent (2%) on the sale of or charge made for the furnishing of lodging that is subject to tax under Chapter 82.08 RCW. The tax imposed under Chapter 82.08 RCW applies to the sale of or charge made for the furnishing of lodging by a hotel, rooming house, tourist court, motel, or trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property. It shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same.

3.06A.020 Definitions

The definitions of "selling price," "seller," "buyer," "consumer," and all other definitions as are now contained in RCW 82.08.010, and subsequent amendments thereto, are adopted as the definitions for the tax levied in this chapter.

3.06A.030 Relationship to Other Taxes

The tax levied in this chapter shall be in addition to any license fee or any other tax imposed or levied under any law or any other ordinance of the county; provided that the rate of tax under ICC 3.06A.010 shall not exceed the lesser of two percent (2%) or a rate that, when combined with all other taxes imposed upon sales of lodging under chapter 67.28 RCW and chapters 36.100, 67.40, 82.08, and 82.14, equals twelve percent (12%).

3.06A.040 Special Fund Created

There is created a special fund with the Island County Treasurer entitled "Special Island County/Cities Joint Tourism Promotion Fund" and all taxes collected under this chapter shall be placed in this special fund to be used solely for the purpose of paying all or any part of the cost of tourist promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities, or to pay for any other uses as authorized in Chapter 67.28 RCW, as now or hereafter amended.

3.06A.050 Credit for City Tax

There shall be a credit against this county excise tax for the full amount of any city tax imposed pursuant to the authorization

of RCW 67.28.181 upon the same taxable event.

3.06A.060 Administration

For the purposes of the tax levied in this chapter:

- A. The Department of Revenue is designated as the agent of the county for the purposes of collection and administration of the tax.
- B. The administrative provisions contained in RCW 82.08.050 through 82.08.060 and in Chapter 82.32 RCW shall apply to administration and collection of the tax by the Department of Revenue.
- C. All rules and regulations adopted by the Department of Revenue for the administration of Chapter 82.08 RCW are adopted by reference.
- D. The Department of Revenue is authorized to prescribe and utilize such forms and reporting procedures as the Department may deem necessary and appropriate.

3.06A.070 Penalty for Violations

It is unlawful for any person, firm, or corporation to violate or fail to comply with any of the provisions of this chapter. Every person convicted of a violation of any provision of this chapter shall be punished by a fine in a sum not to exceed \$1,000.00 or by imprisonment for a term not to exceed ninety days or by both such fine and imprisonment. Each day of violation shall be considered a separate offense.

3.06A.080 Severability

If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

3.06A.090 Effective Date

This ordinance is effective December 31, 1999.

EXECUTIVE SESSION

The Board met in Executive Session at 3:00 p.m. in the Office of the County Commissioners, as allowed under RCW 42.30.110 (1) (i) to discuss with special legal counsel pending or potential litigation. The session was expected to last approximately one hour, and there was no announcement made afterwards in open public session.

There being no further business to come before the Board at this time, the Chairman adjourned the meeting at 4:00 p.m. The next meeting will be held on December 27, 1999 beginning at 11:30 a.m.

**BOARD OF COUNTY COMMISSIONERS
ISLAND COUNTY, WASHINGTON**

Mike Shelton, Chairman

William F. Thorn, Member

[absent - Wm. L. McDowell, Member]

ATTEST: _____
Margaret Rosenkranz, Clerk of the Board