



Agenda Item:

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## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 10/25/04

Communication

No.: 04-556

Agenda Item Type: Resolution

Roll Call No.:

Submitted by: Richard Clark, Acting City Manager

### SUBJECT—

Proposed agreement with the Regional Cultural Council, Inc., for the payment of hotel-motel tax receipts for the promotion of arts and cultural activities in the Greater Des Moines, Iowa metropolitan area.

### SYNOPSIS—

Approving preliminary terms of an agreement with the Regional Cultural Council, Inc. (Bravo) for the payment of two cents of the current seven cents of hotel-motel tax to Bravo for the promotion of arts and cultural activities in the Greater Des Moines, Iowa metropolitan area. The key points of the proposed agreement are as follows:

1. It is agreed that, subject to annual approval of the City Council of the City Of Des Moines, two of the seven percentage points of the hotel/motel tax allocated to the City of Des Moines (the "Allocation") will be distributed to Bravo for distribution to cultural and arts organizations within the region.
2. Out of the Allocation, Bravo shall satisfy the City of Des Moines' contractual obligations to the Blank Park Zoo, Botanical Center, Civic Center, Des Moines Art Center, and the Science Center.
3. On an annual basis, as a part of the annual City budget approval process, the Des Moines City Council shall vote on approval of the allocation. Bravo shall provide a full

accounting to the City of Des Moines in a form as the City of Des Moines may reasonably require.

4. A substantially similar agreement for the fiscal year starting July 1, 2005 shall be entered into with the City of West Des Moines, Clive, Urbandale, Johnston, and Polk County. In addition, a substantially similar agreement shall be entered into with the City of Altoona and Ankeny in fiscal year commencing July 1, 2006. The judgment of the City of Des Moines as to whether such agreements are “substantially similar” shall be conclusive.
5. The annual average contribution made by the City of West Des Moines, Clive, Urbandale, and Johnston to the Iowa Event Center and to Principal Park shall be deducted from the allocation paid by the City of Des Moines. Altoona and Ankeny’s annual contributions shall be added to this calculation upon their approval of the agreement commencing July 1, 2006.
6. The agreement shall begin on July 1, 2005 and shall expire on June 30, 2008. The agreement may be renegotiated and/or renewed for an additional term as determined by the parties.

**FISCAL IMPACT—**

As presented, the proposed agreement would result in a payment of 2/7 of the City’s annual hotel-motel tax revenue. The City’s total hotel-motel tax revenue for this year is estimated at \$3,409,305. Therefore, the annual payment to Bravo would equate to about \$974,000, which is about \$229,000 more than is currently budgeted for these facilities. (The \$229,000 would be reduced by the average amount of payment made by other participants contributing to Principal Park and the Event Center—see point 5 above.)

As outlined above, the annual amount paid to Bravo would be subject to the Council’s annual review and approval. It is important to note that the City’s operational agreement with the Zoo Foundation has resulted in increased revenues, which may allow future hotel-motel revenues to the Zoo to be reduced.

**RECOMMENDATION—**

Approval

**BACKGROUND—**

City Manager Eric Anderson has worked with representatives of Bravo to craft the preliminary terms of agreement. The agreement would streamline the process for funding regional facilities, and contemplates cooperation on a metropolitan level, both of which are significant improvements over the current system.