



**WORK SESSION  
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM  
SEPTEMBER 10, 2019  
6:00 PM**

Call to order

Open forum (15 minutes maximum)

***Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.***

1. Review recommendations to update the agreement with the Richfield Tourism and Promotion Board (RTPB).

Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**



**STAFF REPORT NO.107**  
**WORK SESSION**  
**9/10/2019**

REPORT PREPARED BY: Katie Rodriguez, City Manager

DEPARTMENT DIRECTOR REVIEW:

OTHER DEPARTMENT REVIEW:

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
9/5/2019

**ITEM FOR WORK SESSION:**

**Review recommendations to update the agreement with the Richfield Tourism and Promotion Board (RTPB).**

**EXECUTIVE SUMMARY:**

On June 25, 1990, the City approved an ordinance to levy a 3% tax on gross receipts of lodging from Richfield Hotels and Motels pursuant to Minnesota Statutes. The resolution also established the Richfield Tourism and Promotion Board (RTPB). The City then executed an agreement with the RTPB to provide marketing and promotional services (the Agreement) on July 5, 1990. The current RTPB consists of a representative of each Richfield hotel (3), a representative of the Richfield Chamber of Commerce and a newly added citizen representative.

The RTPB used to be housed within the Richfield Chamber of Commerce but separated from the Chamber several years ago to maintain a focus on tourism. The RTPB contracted with Katy Epler to serve as Executive Director a year ago and she has been leading some new initiatives to better promote Richfield and expand our tourism. One example is partnering with the University of Minnesota's Office of Tourism for a year long Tourism Assessment. Richfield has also increased its profile in the last few years which is an additional opportunity for RTPB to lead a robust and effective promotion and tourism program. Updating and strengthening our agreement with RTPB will build on these positive developments.

In preparation staff surveyed several other convention and tourism boards (CVBs) on their governance structure, agreement with their city and best practices. Based on that research, we found that there are some inconsistencies with RTPB's current governance and practices compared with the surveyed CVBs:

- The surveyed CVBs have 2 city representatives (Edina has one representative from the city and one from the school district). RTPB has no city representation on the governing board, but staff do regularly attend meetings.
- The surveyed CVBs provide for more citizen representatives and more representatives from the general business community. The current RTPB only has one each.
- The surveyed CVBs do not directly reimburse hotels for expenses with minor exceptions.
- Some of the surveyed CVB agreements have a regular review or expiration dates, more specific scope of services and reporting requirements.

## **DIRECTION NEEDED:**

Consider the following staff recommendations to strengthen our Agreement with RTPB and make it consistent with best practices:

- Incorporate a review period or expiration date, like every 4 years, to ensure that the agreement is regularly reviewed and updated.
- Include a specific scope of services, including goals and progress indicators.
- Development of an annual work plan and budget with the city liaison/representative including financial and performance reporting requirements.
- Expand the RTPB board to include city representation, including a staff liaison and council member, additional citizen and general business representation. The city would recruit citizens through their regular annual process and retain the current practice of appointing all RTPB members.
- Maintain staggered terms (the RTPB bylaws do require staggered terms but it is not being implemented consistently).

## **BACKGROUND INFORMATION:**

### **A. HISTORICAL CONTEXT**

Included in the Executive Summary.

### **B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

The City of Richfield has levied a 3% tax on the gross receipts of lodging from hotels and motels in the City pursuant to Minnesota Statute Section 469.190 which authorizes the proceeds of the tax to fund a Tourism Promotion Board for the purpose of marketing and promoting the City as a tourist or convention center. The City has an Agreement with the Richfield Tourism and Promotion Board, Inc., dated July 5, 1990, to provide marketing and promotional services permissible under Minnesota Statute Section 469.190.

### **C. CRITICAL TIMING ISSUES:**

With Council guidance, staff can work with RTPB to incorporate the changes into the Agreement with RTPB. Under the current Agreement, either party can terminate the Agreement on January 1, with 90 days notice without cause or terminate with cause at any time with 10 days notice. While the goal is to update the Agreement for 2020, it is more important to take the time to structure an Agreement that incorporates best practices and allows RTPB to create a successful tourism program.

### **D. FINANCIAL IMPACT:**

The City's hotel/motel lodging tax totaled approximately \$247,000 in 2017 and \$251,000 in 2018. The RTPB had \$351,000 in net assets at 2018 FYE.

### **E. LEGAL CONSIDERATION:**

Staff will continue to work with our City Attorney to update the Agreement with RTPB.

## **ALTERNATIVE(S):**

The Council can make alternate recommendations to update the Agreement with RTPB or choose to not update the Agreement.

## **PRINCIPAL PARTIES EXPECTED AT MEETING:**

Gordon Vizecky, President of RTPB, and Katy Epler, Executive Director of RTPB