

**TUMWATER LODGING TAX ADVISORY COMMITTEE  
MINUTES OF MEETING  
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**CONVENE:** 3:00 p.m.

**PRESENT:** Councilmember & Chair Eileen Swarthout and Committee Members Chami Jo Ro, GuestHouse International; Jack Park, Best Western Inn; David Bills, Tumwater Area Chamber of Commerce; Satpal Sohal, La Quinta Inn & Suites; Brett Hardcastle, Tumwater Downtown Association; and Brian Reynolds, Olympic Flight Museum.

Staff: City Administrator John Doan, Finance Director Ursula Euler, Executive Assistant/Deputy City Clerk Hanna Miles, Parks and Recreation Director Chuck Denney, and Recording Secretary Valerie Gow.

**WELCOME & INTRODUCTIONS:** Chair Swarthout welcomed everyone to the meeting.

**FUNDING RECOMMENDATIONS FOR LODGING TAX APPLICANTS:** Director Euler reviewed the funding recommendation process and the spreadsheet for tracking funding recommendations from each member. Members representing organizations applying for lodging tax funds abstained from voting on their respective organization's funding request.

Director Euler tracked funding recommendations by each member for the following applicants:

1. Greater Olympia Dixieland Jazz Society – requested \$10,000
2. Washington State Senior Games – requested \$20,000
3. Craft District – City of Tumwater – requested \$20,000
4. Olympic Flight Museum – requested \$40,000
5. Tumwater Downtown Association – requested \$20,000
6. Tumwater Artesian Brewfest – City of Tumwater – requested \$10,000
7. WSU Food Systems requested \$10,000
8. Tumwater Historical Association – requested \$5,000
9. Tumwater Soccer Club – requested \$10,000
10. Tumwater Marching Band – requested \$5,000
11. Capital Lakefair – requested \$3,000
12. Olympia Tumwater Foundation – requested \$4,500
13. The Washington Center for the Performing Arts – requested \$12,000
14. Experience Olympia & Beyond – requested \$35,000
15. Experience Olympia & Beyond – Sports Commission – requested \$10,000

The following is the average funding amount recommended for each organization by the committee:

1. Greater Olympia Dixieland Jazz Society – \$6,214

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2. Washington State Senior Games – \$16,714
3. Craft District – City of Tumwater – \$14,667
4. Olympic Flight Museum – \$36,833
5. Tumwater Downtown Association – \$16,083
6. Tumwater Artesian Brewfest – City of Tumwater – \$8,250
7. WSU Food Systems – \$7,786
8. Tumwater Historical Association – \$4,464
9. Tumwater Soccer Club – \$8,714
10. Tumwater Marching Band – \$4,214
11. Capital Lakefair – \$2,643
12. Olympia Tumwater Foundation – \$4,321
13. The Washington Center for the Performing Arts – \$8,714
14. Experience Olympia & Beyond – \$28,071
15. Experience Olympia & Beyond – Sports Commission – \$6,500

Remaining unallocated funds totaled \$812.00.

After funding recommendations by each member were averaged, the committee discussed and agreed to allocate the remaining funds of \$812 prorated on the average of each organization's funding amount.

**MOTION:**

**Mr. Bills moved, seconded by Mr. Hardcastle, to recommend the City Council allocate \$175,000 in LTAC funds to the following organizations in the amounts as noted:**

1. **Greater Olympia Dixieland Jazz Society – \$6,243**
2. **Washington State Senior Games – \$16,792**
3. **Craft District – City of Tumwater – \$14,735**
4. **Olympic Flight Museum – requested \$37,005**
5. **Tumwater Downtown Association – \$16,158**
6. **Tumwater Artesian Brewfest – City of Tumwater – \$8,288**
7. **WSU Food Systems - \$7,822**
8. **Tumwater Historical Association – \$4,485**
9. **Tumwater Soccer Club - \$8,755**
10. **Tumwater Marching Band – \$4,234**
11. **Capital Lakefair – \$2,655**
12. **Olympia Tumwater Foundation – \$4,341**
13. **The Washington Center for the Performing Arts – \$8,755**
14. **Experience Olympia & Beyond – \$28,202**
15. **Experience Olympia & Beyond – Sports Commission – \$6,530**

**MOTION:**

**Motion carried unanimously.**

**CITY OF  
TUMWATER –  
HISTORIC/CULTURAL  
PROGRAMS UPDATE:**

City Administrator Doan thanked the committee for their time to review the applications and attend the meetings.

City Administrator Doan provided members with a visual graphic of the

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Tumwater Craft Brewing & Distilling Center concept. Tumwater is home to over 1 million square feet of unused brewery space equating to an approximate value of \$400 million for redevelopment of the brewery properties. Approximately four years ago, City staff considered available resources to incentivize activity recognizing the City's valuable beer brand as an asset. Nationally, the Olympia Brewery is recognized. Over the next several months and years, the City worked to promote a "Center of Excellence" centering on the brewing profession to bring together industry, academia, support services, and other interests related to brewing. Because distilling is a "cousin" of brewing as brewing is necessary prior to distilling, the City also considered the craft distilling industry. Washington State is one of the leaders in craft brewing and one of the top states in the number of craft distilleries in the nation.

Subsequently, the City embarked on a feasibility study to examine the requirements for the state to help fund a study to identify a "Center of Excellence," what could be included and assessing the demand and the market. The study confirmed a tremendous demand as the nation lacked educational opportunities for brewing, distilling, and cider making. The state of Washington is home to 57 hard cider companies, which is the largest number of any state in the nation. The populations of Washington, Oregon, and California drink 80% of all hard cider for the entire nation affording a tremendous product growth opportunity.

At that point, the focus shifted to brewing, distilling, and cider making. South Puget Sound Community College (SPSCC) soon embarked on creating a two-year associate degree program in brewing and distilling as the only two-year degree program in the nation. The program offers training and an education in brewing, distilling, and cider making. Subjects include production, food safety, compliance requirements, and the business operations in running a company. SPSCC received approval from the state to offer the degree program. The college recently hired a Director of Education. The program enrolled 33 students for the two-year program that includes classroom instruction, business classes, chemistry, and reliance on local brewers, distillers, and cider makers for space during the first year of the course with college space available during the second year.

A second feasibility study examined the viability of a start-up incubator program for those individuals completing the education program and others who want to advance to the next step. Today, there are 360 craft breweries in the state with extraordinary competition between the brewers to secure shelf space in grocery stores. Each brewer must develop a unique product either through the story, the location of the product, or through sourcing of grains and hops, etc. Another important marketing step is building a following, which begins with a tasting room to both test the product and create a following of customers. A start-up

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program would enable smaller companies to co-locate and share equipment, tasting rooms, and other costs.

The concept of the Tumwater Craft Brewing and Distilling Center evolved to Tumwater Craft to encompass more than just beer, spirits, and cider. Tumwater Craft includes the craft food industry and local agriculture. Major partners include the City, property owners, Olympia Tumwater Foundation, industry partners, Washington State University, SPSCC, Thurston Economic Development Council, and Port of Olympia. All partners play an important role.

City Administrator Doan described how the partners are supporting Tumwater Craft.

The City continues to emphasize redevelopment of the brewery. Brewery property owners have participated in some conversations. The City recently designated the “Craft District” where the concept has advanced to a development project located off Capitol Boulevard. The City partnered with the property owners to relocate Tumwater Valley Drive. The road will be disconnected from E Street and moved toward the middle of the property near the La Quinta Inn and Suites and intersect with Capitol Boulevard. The project includes a number of buildings with SPSCC serving as the anchor tenant. The college is sharing its building with Heritage Distilling. Heritage Distilling is based in Gig Harbor and is the largest distiller in the state. Another new building located at the corner of Capitol Boulevard and the new realigned Tumwater Valley Drive will house a mix of food and craft vendors. Another building would house a brewery or a cidery. Two restaurants are planned for the site, as well as space for an amphitheater.

The City’s new Warehouse District located off 79<sup>th</sup> Avenue and Old Highway 99 features an assortment of breweries, a bakery, a new Spuds store, Ice Chips, and Alaffia. The Warehouse District is under the umbrella of Tumwater Craft, which is intended to draw interest, investment, and enthusiasm around the larger brewery property while emphasizing and promoting Tumwater’s brand of beer and brewing.

Mr. Hardcastle asked about the timeframe for the Craft District projects. City Administrator Doan replied that the college program is slated to start classes by September 2019. The other projects will follow. Businesses should begin opening in September 2019 through completion.

City Administrator Doan updated the committee on the status of work on the old brewhouse tower.

City Administrator Doan asked the committee to endorse forwarding a recommendation to the City Council for funding historic preservation

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activities from the first 2% of LTAC funds.

**CONSENSUS:**                   **The committee concurred with the request.**

**STAFF UPDATE AND  
SCHEDULING OF  
FUTURE MEETING:**       Executive Assistant Miles reported the budget form in the application was revised to identify funding sources from the different jurisdictions. Applicants were encouraged to provide media with duration of three minutes or less. Two applicants from last year did not complete their respective agreements. They include the Tumwater Area Chamber of Commerce and the Greater Olympia Dixieland Jazz Society. The amount forfeited by both organizations totaled \$13,566.

The City received no changes from the Joint Legislative Audit and Review Committee (JLARC). However, JLARC outreached the City regarding one of the final reports, which was revised and resubmitted. For reports submitted for 2018 and 2019, the submittals will be reviewed to ensure realistic numbers are submitted.

Executive Assistant Miles reported she is seeking to streamline the committee process. She recommended forwarding the email for the final reports once or twice as a reminder that the reports are available on the City's website. Members supported receiving up to two email reminders.

Executive Assistant Miles described the current scope of work review process and asked for feedback on whether members want to continue receiving the scope of work for each applicant. Members preferred only to receive the scope of work with each application prior to the committee meeting unless the scope dramatically changes from the previous year.

The committee discussed the format for applicant presentations and the committee's deliberation and allocation of funding. A majority of the committee agreed on the importance of the presentations and preferred to meet on one day with presentations in the morning and the committee's funding deliberation in the afternoon with a two-hour lunch break.

Several members thanked and complimented Executive Assistant Miles for her support to the committee.

Chair Swarhout thanked committee members for their time and efforts.

**ADJOURNMENT:**                   **Mr. Reynolds moved, seconded by Mr. Hardcastle, to adjourn the meeting at 4:08 p.m. Motion carried unanimously.**