



## **CITY OF KIRKLAND**

### **City Manager's Office**

**123 Fifth Avenue, Kirkland, WA 98033 425.587.3001**

**[www.ci.kirkland.wa.us](http://www.ci.kirkland.wa.us)**

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## **MEMORANDUM**

**To:** Dave Ramsay, City Manager

**From:** Marilynne Beard, Assistant City Manager

**Date:** November 30, 2007

**Subject:** TOURISM STAFFING PROPOSAL

### BACKGROUND:

City Council approves the Lodging Tax Advisory Committee's recommendation regarding use of Lodging Tax revenue for additional tourism program funding.

### BACKGROUND:

The Lodging Tax Advisory Committee (LTAC) is responsible for developing recommendations for use of Lodging Tax revenue which is dedicated by law to tourism activities. Staff presented a proposal to the LTAC to increase staff time to the tourism program to provide more consistent support to the program. A companion recommendation to this proposal is to transfer special events permit processing and coordination from the City Manager's Office to the Parks and Community Services Department. We believe that the functions of a special events coordinator align with the mission of the Parks Department. Special events coordination is a General Fund-supported activity. The special events portion of the City Manager's Office budget would be transferred to the Parks Department. The tourism program aligns with the Economic Development program and is supported by Lodging Tax revenue. The recent addition of two new hotels in Kirkland produces a revenue stream sufficient to fund increased hours for this function. The attached memo to the LTAC provides the details of the proposal.

The LTAC considered the proposal at a recent meeting and voted unanimously to forward the recommendation for approval to the City Council. At that meeting, the LTAC also discussed the need to update the City's tourism marketing plan and provide a system to measure the success of our tourism program so that the LTAC can exercise proper oversight of Lodging Tax funds.

If Council approves the staffing proposal, a formal budget adjustment will be presented to Council to recognize the additional lodging tax revenue for appropriation and to increase the lodging tax FTE from .25 to .90. A fiscal note is attached that describes the revenue trends in the Lodging Tax Fund.



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**MEMORANDUM**

**To:** Lodging Tax Advisory Committee

**From:** Marilynne Beard, Assistant City Manager

**Date:** November 24, 2007

**Subject:** TOURISM STAFFING PROPOSAL

RECOMMENDATION:

The Lodging Tax Advisory Committee considers the proposed staffing change for tourism and forwards a recommendation to the City Council for consideration at their December 11 regular Council meeting.

BACKGROUND:

The City Council first implemented the Lodging Tax in 2001. By state law, lodging tax proceeds are dedicated to tourism promotion, although recent legislative changes broadened the allowable uses. The Council appoints a Lodging Tax Advisory Committee that provides recommendations to the City Council regarding the use of lodging tax revenues. This recommendation has typically coincided with the biennial budget process and/or the mid-biennial budget update.

Tourism is one element of the City's overall economic development strategy. The tourism program follows the general guidelines set forth in the Tourism Strategic Plan aimed at attracting visitors to Kirkland for overnight stays and to patronize local businesses. As the program has become more established, staff and consulting hours have increased. Originally budgeted at .10 FTE (4 hours per week), the Special Projects Coordinator (Sheila Cloney) was primarily engaged in managing contracts for tourism promotion activities such as development and maintenance of the "Explore Kirkland" website, placement of paid advertisements in local and national travel publications, management of lodging tax grants to outside agencies and coordination with special events activities. In the 2007-2008 Budget, the staff hours were increased to .25 FTE (10 hours per week) in recognition of the growing work program and interest in Kirkland as a tourist destination. The balance of the Special Project Coordinator's time is devoted to internal coordination of special events permits. The .25 Special Projects Coordinator devoted to tourism is assisted by a tourism intern, on-call clerical staff, public relations consultants and tourism consultants (for special projects).

In 2006 and 2007, two major new hotels opened in Kirkland, increasing lodging tax revenue and reinforcing the need for an effective marketing plan that attracts overnight stays at new and existing lodging establishments. The following table shows a five-year history of lodging tax revenue, including estimates for 2007 and 2008 as compared to budgeted revenue:

	<b>Budgeted</b>	<b>Actual/Estimated</b>
2003	110,000	126,860
2004	100,000	124,953
2005	105,000	135,211
2006*	110,000	153,469
2007**	130,000	204,000
2008***	150,000	250,000

*\*Includes partial year of Marriott*

*\*\*Estimated year-end receipts; excludes Heathman Hotel*

*\*\*\*Includes estimated full year with all current hotels/motels*

For 2007-2008, the Lodging Tax Advisory Committee recommended, and the City Council approved, the following budget.

	<b>2007</b>	<b>2008</b>	<b>Notes</b>
Regular staff wage/benefit	21,835	24,824	.25 FTE Spec. Proj. Coord.
Tourism Intern/Clerical	16,218	16,435	Website maintenance and local brochure distribution
Supplies/Memberships	4,500	5,500	
Professional Services			
–Tourism consultant	30,000	30,000	Marketing, public relations
–Web-site Hosting & Svcs.	2,500	10,000	
–Misc. Prof. Svcs.	10,430	6,950	
–Photography		4,400	
–Brochure distribution		10,000	Contracted service
Outside Agency Grants*	30,000	28,600	See detail below; 2008 includes additional \$11,000 requested by LTAC
Travel		5,000	Trade shows and hosting others
Advertising	10,500	13,000	
Printing	9,000	9,000	
Marketing	5,000	5,000	Video project
<b>Total</b>	<b>139,983</b>	<b>168,709</b>	

\*Detail of Outside Agency Grants:

	<b>2007</b>	<b>2008</b>
Celebrate Kirkland Marketing	4,000	4,000
Concours	3,000	6,000
KDA – General Promotion	8,000	8,000
Kirkland Art Center Brochure	2,000	0
Kirkland Artist Studio Tours	2,000	2,000
Kirkland Performance Center Brochure	8,000	8,000
Heritage Society	3,000	0
Total	30,000	28,000

## 2008 Proposed Changes

The proposed change in staffing will provide an increased emphasis on tourism program management and consolidate some functions into one in-house position. There are two elements to this proposal and it is proposed for implementation in two phases to accommodate a special schedule request from staff:

January 2008 through June 2008

1. Increase Special Projects Coordinator to .50 FTE for Tourism Program Management (20 hours per week) and eliminate tourism intern. The Special Projects Coordinator will have another .10 FTE devoted to management of General Fund outside agency grants. This portion of the proposal is in response to a request for a temporary part-time schedule to allow for completion of graduate studies in Public Affairs.
2. Transfer special events permitting functions to the Parks and Community Services Department (this is a General Fund function and not within the scope of the Lodging Tax Advisory Committee. However, transferring this function makes existing staff available for increased tourism support).

July 2008 through December 2008

1. Increase Special Projects Coordinator to .90 FTE for Tourism Program Management (36 hours per week) and reduce some contracted tourism support. The Special Projects Coordinator will still have another .10 FTE devoted to management of General Fund outside agency grants.

The following chart shows the estimated cost of this proposal and proposed source of funds:

2007 Estimated Lodging Tax Revenue	\$205,000
2008 Estimated Lodging Tax Revenue	250,000
2008 Budgeted Lodging Tax Revenue	<u>150,000</u>
2008 Unallocated Lodging Tax	\$100,000
Funding Needed for Staffing Proposal	<u>48,347</u>
Net Unallocated	\$ 51,653

## 2008 Work Program Elements

The additional staff time will allow greater focus on the tourism program including:

- o More timely and thorough follow-up of LTAC requests and initiatives
- o Increased networking with travel industry and media contacts
- o Full development and maintenance of the assets tool
- o Identification and development of stories six to twelve months in advance to pitch to travel writers
- o Initial planning for web site update in 2009 (Explore Kirkland)
- o Improved responsiveness to publicists and other tourism contacts

In addition to the unallocated revenue, the Lodging Tax Fund has an available balance of \$131,782 that was carried forward from 2006 and that is not presently obligated in the 2007 or 2008 Budget. There is a need to do a comprehensive update of the Explore Kirkland website and the Lodging Tax Advisory Committee has indicated an interest in making additional funds available for outside agency funding. The website update is a one-time expense that is appropriate to fund from the available balance. At least a portion of the unallocated ongoing lodging tax

revenue could be used for additional outside agency grants. These items can be requested in the 2009-2010 Budget.

**Staff Recommendation:**

The Lodging Tax Advisory Committee recommend to the City Council to increase staff support for the tourism program per the program outlined above for consideration at their December 11<sup>th</sup> Council meeting.

**FISCAL NOTE**

Source of Request							
Marilynne Beard, Assistant City Manager							
Description of Request							
Request for use of ongoing Lodging Tax Revenue of \$48,347 (2008 estimate) for additional tourism program funding per Lodging Tax Advisory Committee's recommendation. Revenue and expenditure estimates provided by Finance & Administration Department.							
Fiscal Impact							
<b>Ongoing use of Lodging Tax Revenue.</b> This fund is expected to receive ongoing Lodging Tax revenue sufficient for this request. Additional revenue of \$100,000 in 2008 is estimated.							
Recommended Funding Source(s)							
	Description	2008 Est End Balance	Prior Auth. 2007-08 Uses	Prior Auth. 2007-08 Additions	Amount This Request	Revised 2008 End Balance	2008 Target
<b>Reserve</b>	N/A	0	0	0	0	0	0
		0	0	0	0	0	0
<b>Revenue/ Exp Savings</b>	Lodging Tax Revenue (ongoing)						
<b>Other Source</b>							
Other Information							

Prepared By	Neil Kruse, Budget Analyst	Date	December 3, 2007
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