CITY OF KIRKLAND
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www.ci.kirkland.wa.us

MEMORANDUM

To: Dave Ramsay, City Manager

From: Sheila Cloney, Special Projects Coordinator
Marilynne Beard, Assistant City Manager

Date: December 14, 2007

Subject: KIRKLAND UNCORKED – LTAC RECOMMENDATION

RECOMMENDATION:

City Council approves the Lodging Tax Advisory Committee's recommendation to allocate $15,000 of Lodging Tax funds to support marketing of the 2008 Kirkland Uncorked Event.

BACKGROUND:

The City Council received a report on the Kirkland Uncorked event at their October 2nd meeting. At that meeting, staff provided an overview of the results of the events and an analysis of both positive and negative outcomes. The issue was referred to the Lodging Tax Advisory Committee for further study.

The following "SWOT" analysis summarizes the strengths, weaknesses, opportunities and threats of the Kirkland Uncorked events:

Strengths

•Wine on the waterfront
•Marina parking lot open
•Sponsors want to return
•Downtown did well (restaurants, galleries)
•Arts community benefited through Kirkland Arts Center fund raising element
•Companion activities were successful
•Bottled wine sales did well
•Integrated Marketing Plan produced extensive marketing and media exposure (e.g. Seattle Homes and Lifestyles and Peter Greenberg website)

Weaknesses

•Food location and availability
•Short time frame for planning
•Perceived loss of Summerfest
•Pricing structure
•Music (not enough ongoing music in Wine Garden)
•Conflicting stakeholder visions

•Wine over-pours
•First-time event
•Unclear artist selection process
•Closure of 520 bridge
•Attendance

	Planned	Actual
Public Areas	30,000	25,000-40,000
Wine Garden	8,000-10,000	3,332

•Financial outcome

Financial Goals

- Pay all bills
- Return $20,000 to City from net profits
- Provide seed money for 2008

Financial Results

- Deficit of $10,000 (loss to Bold Hat Productions)
- No first year payback of $20,000 to City
- No 2008 seed money

Opportunities

•Second-year "known" event
•New and returning sponsors
•Support from the local arts community for Best of the Northwest to organize the art element
•520 bridge will be open
•Seafair will publicize event
•Demographic has been identified allowing for more targeted marketing
•Fewer and more focused stakeholders

Threats

•Council concern about use of park for gated event
•City and Bold Hat did not recover investment
•No seed money for 2008
•Timely decision needed to proceed with 2008 event
•Area reached near capacity during peak hours

In the end, it was felt that the event organizers tried to accommodate too many conflicting interests and that it diluted the resources available. While the event was successful on a number of levels, it failed to achieve its financial goals which are key to producing Uncorked in the second year.

The Lodging Tax Advisory Committee was asked to evaluate the event from a tourism perspective. There was some concern on the committee's part that the event was not a "tier one" tourism event in that it had limited impact on overnight stays in Kirkland. However, it was noted that retailers and restaurants in the downtown core did see the event as a positive influence on their businesses.

Bold Hat Productions (the event producers) presented a series of recommendations regarding programming changes to the event they would recommend in order improve the event's appeal and financial outcomes. Their

recommendations focus on enhancing elements of the event that were well-received, eliminating elements that were not a success and restructuring the pricing. Their recommendations are summarized below:

Food

Food should be more easily available within the wine garden, with the understanding that it should not compete with the local restaurants. Food and wine "pairings" will be made available with the price of admission in addition to food booths where patrons can purchase food. Full meals would not be offered inside the event. Additional food booths also provide a source of revenue for the event. Winemaker dinners could be offered at local restaurants on the same weekend.

Wine

The token system will be eliminated and the price of admission will include all tastings (both food and wine samples). One-ounce pour spouts will be required on all bottles to limit over-pours. A Gallery Passport Tour may be offered whereby some wines would be available for tasting inside the local galleries. The passport would include tasting at the wine garden and the galleries. Additional educational seminars are recommended as they were very popular.

Art

Best of the Northwest (Northwest Crafts Alliance) has expressed an interest in producing the art element of the event. Best of the Northwest produces several shows in the region and represents a number of local artisans.

Music

Additional live music will be available on the main stage in addition to string quartets sponsored by Classical KING FM for continuous ambiance. The Teen Center has agreed that the venue was not appropriate for their audience and would not be organizing live bands near the event next year.

Lifestyle

The vendors that sponsored the lifestyle vignettes were very pleased with the event. Additional lifestyle sponsors should be sought and improved layout will be developed to better showcase their displays.

Pricing

A fundamental change in pricing is needed to increase revenue and since the number of tastings won't be limited. Bold Hat has recommended a pre-sale ticket price of $40 that would include all wine and food samplings (more substantial food would be purchased inside or outside of the event). Day-of-event admission is recommended at $50. A survey of similar events offered locally supports this pricing structure as does the demographic profile of those that attended. A summary of the economic analysis and demographics is included as Attachment A to this memo.

Some of the new programming elements are intended to produce additional income for the event. Several new sponsors are expected given that the event has a one-year track record and we have a tangible event to sell.

A comparison of the actual financial results for 2007 is compared to the projected results based on the recommended programming changes.

2007		2008	
Income		**Income**	
Sponsorship	$ 20,600	Sponsorship	$ 66,000
City Seed Money	40,000	LTAC Tourism Sponsorship	30,000
Registration Fee	6,670	Registration Fee	15,000
Sales Day of Event	116,080	Sales Day of Event	211,500
Total Income	$183,350	Total Income	$ 322,500
Expenses		**Expenses**	
Advertising	18,452	Advertising	20,000
Operational Costs	175,892	Operational Costs	180,000
Total Expenses	$194,345	Total Expenses	$ 200,000
Net Income	($10,995)	Net Income	$ 122,500
Repayment to City	($40,000)	Recovery of 2007 Deficit	(50,995)
2007 Deficit	($50,995)	Seed Money for 2009 Event	$ 71,505

It should be noted that the financial plan was based on a $30,000 marketing sponsorship from LTAC which was one of the meeting topics for the December 14th LTAC meeting. The LTAC recommended that the City provide marketing sponsorship for the event of $15,000. The LTAC also asked Bold Hat for a three to five-year business plan for the event so that they can better ascertain how the event will support the LTAC's mission in the future. The LTAC will consider additional funding for the 2008 event once they receive the long-range business plan. Bold Hat Productions has expressed a concern about the quality of marketing that can be accomplished with the lower amount. They will advise the City by the January 2nd Council meeting as to whether they are able to produce the event in 2008.

If the Council approves the LTAC's recommendation, a formal budget adjustment will be prepared for Council action at a subsequent meeting.

Kirkland Uncorked

A Festival of Style & Taste

July 18-20, 2008 Marina Park Kirkland, WA

Indulge your senses…

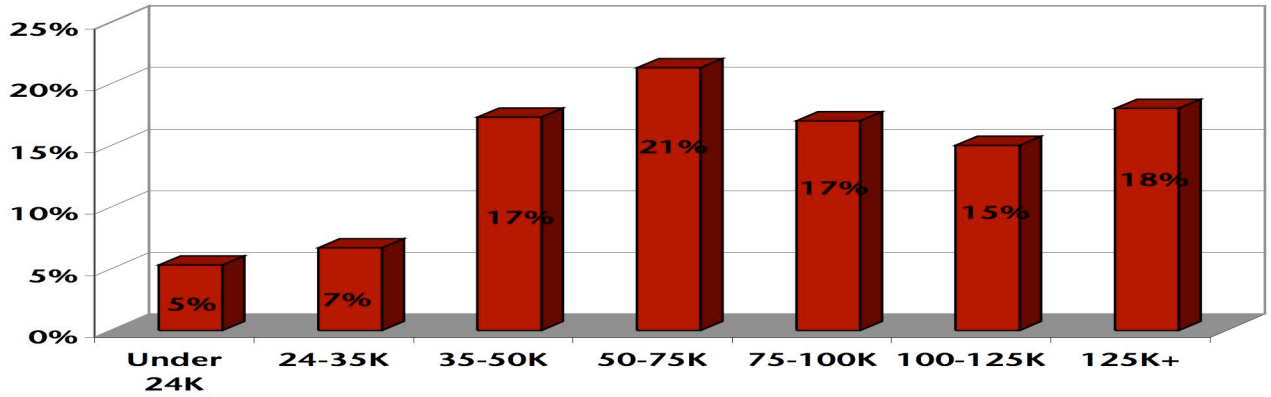
Kirkland Uncorked presents a truly unique experience, dedicated to indulging the senses within a lifestyle environment. The focus of this regional weekend event is fine Washington wine and food, luxury art and home design. Kirkland Uncorked promises to please the palate of its primarily affluent audience in their 30's to 50's.

Wine ~ Food ~ Art ~ Music ~ Lifestyle

www.kirklanduncorked.com

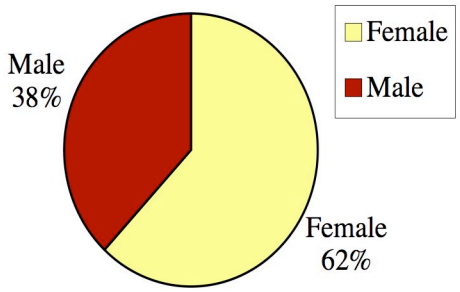
Kirkland Uncorked
Demographics

Income



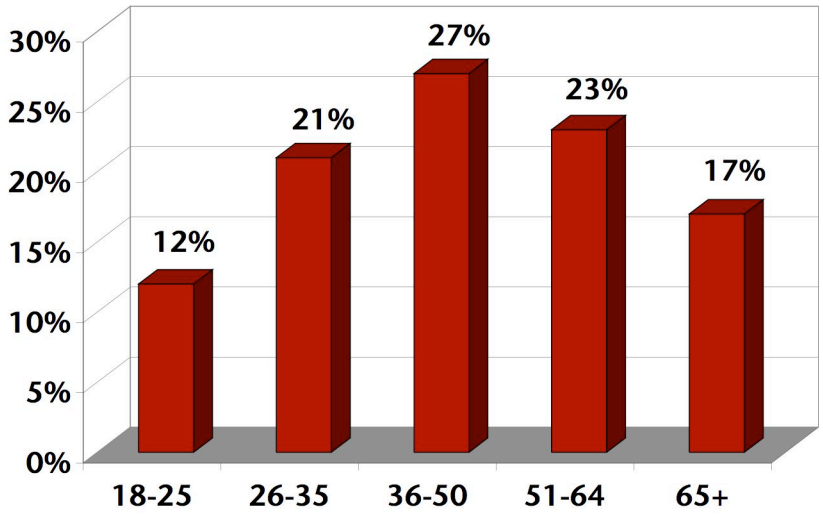
Average Income Level = $50,000 - $100,000

Gender



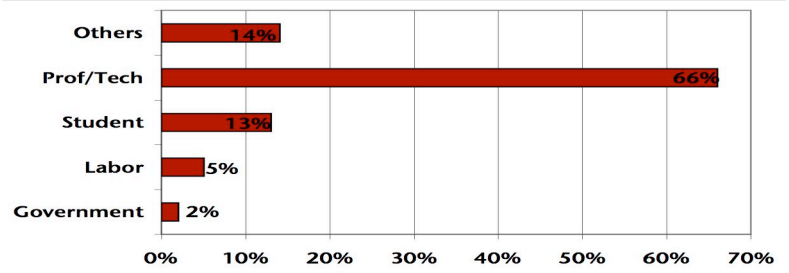
Gender: 62% Female, 38% Male

Age



Average Age = 36-50 years

Occupation



In it's inaugural year, Kirkland Uncorked ushered in an astounding regional attendance of 4,500 and it is expected to increase dramatically over the upcoming years.

A Festival of Style & Taste

Wine ~ Food ~ Art ~ Music ~ Lifestyle

Kirkland Uncorked, a three-day festival of style and taste dedicated to the experience of wine, food, art, lifestyle and music.

Wine

Over 20 Washington wineries and wine makers spend the weekend at Kirkland Uncorked pouring the finest wine in the world. Scheduled wine seminars educate on the appreciation of wine and Washington wine trends. The Kirkland Uncorked Wine shop allows guest to take home any wines tasted.

Food

Pairing plates, restaurant sampling, cooking and grilling demonstrations, as well as the crazed grilling competition are all highlighted events in the Tasting and Lifestyle Garden. Kirkland Restaurants will be hosting winemaker dinners in conjunction with the Kirkland Uncorked weekend festivities.

Art

"Best of the Northwest" comes to Kirkland to showcase over 60 of the finest artisan in the Northwest. Along Kirkland Ave. artesian booths feature paintings, sculptures, ceramics, jewelry and more. Kirkland's reputation as a major supporter of art and artists is highlighted with over 14 galleries in the downtown core.

Lifestyle

Seattle Homes & Lifestyle encompasses the vast array of lifestyle exhibits within the Tasting and Lifestyle Garden. Complimenting the wine tasting is the opportunity to browse and shop the latest trends in home décor and fashions. Chat with experts and listen to seminars on how to create your own design masterpiece.

Music

Funk bands that make everyone want to dance, acclaimed jazz and the perfectly paired ambiance of a classical string quartet provide the ideal soundtrack for the Kirkland Uncorked experience. Come for the wine and food and stay for the music and ambiance of beautiful Marina Park on picturesque Lake Washington.

Kirkland Uncorked

Promotional Material

Coaster Promotion

50,000 inserted in the Seattle Weekly. 20,000 distributed in bars and restaurants.

Event Poster

1000 full-color posters distributed throughout the Puget Sound.

Advance Tickets

Over 1,000 advance tickets sold at 12 outlets.

Event Program

75,000 32-page programs inserted in Seattle Homes & Lifestyle Magazine. 5,000 programs distributed throughout the Puget Sound.

Rack Card

5,000 rack cards are distributed pre-event.

Kirkland Uncorked

Media Promotion

Print

Our print advertising campaign spans a variety of publications for maximum exposure including:

- Seattle Weekly
  Cir. 98,400
- The Journals Newspaper
  Cir. 41,000
- Seattle Homes & Lifestyle
  Cir. 35,000
- 425 Magazine
  Cir. 40,000

Television

Twenty-five 30 second King 5 television commercials are aired for two weeks leading up to the event. The spots were broadcast on the network in the Seattle/Tacoma region. King 5 also posted an ad on King5.com with a total impression of 83,891 and resulted in over 1,000 clicks.

Radio

Over 150 Kirkland Uncorked radio spots are aired and numerous promotional giveaways and inclusions are provided by the official radio partners of Kirkland Uncorked.

<u>Major Radio Partners include:</u>

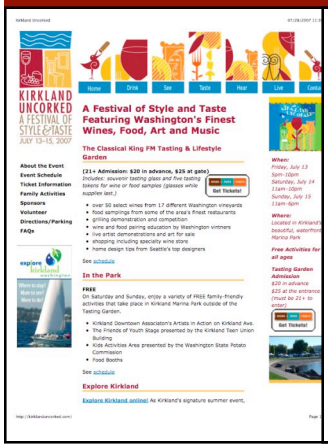
- Classical King FM 98.1
- The Mountain 103.7
- KUOW 94.9
- KPLU 88.5
- KWJZ 98.9
- Traffic Reports

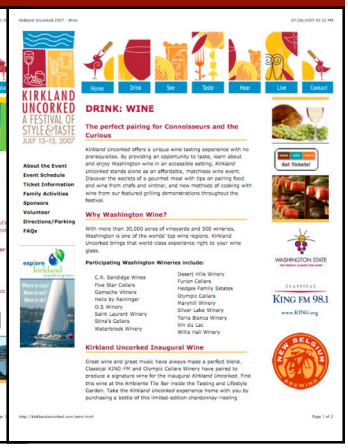
Kirkland Uncorked
Online Promotion

Kirkland Uncorked Website

The Kirkland Uncorked website features:

- A comprehensive festival schedule, winery listings, advance ticket information, grilling chef bios, and more!
- Logos linked to sponsor websites
- Sponsored promotional banners under menu bar.
- Over 50,000 views per year, with 20,000 views the week of the event.





Online Calendar Listings & Groups

Kirkland Uncorked is listed on over 100 online calendars including:

- dailycandy.com
- petergreenberg.com
- redtricycle.com
- nwsource.com
- facebook.com
- myspace.com
- eastsidebusiness.com
- fbworld.cm
- writeforwine.com
- winemeetup.com
- foodmeetup.com
- King5.com
- bellevuemetro.com
- eventfull.com
- localwineevents.com
- backpage.com
- querycat.com
- winecow.com
- newsbytes.com
- seattledining.com
- 425magazine.com
- KSTW.com

Kirkland Uncorked

Media Coverage

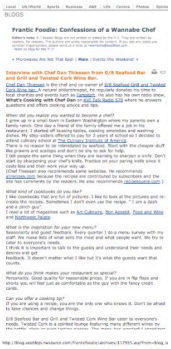
Kirkland Uncorked has many unique elements that appeal to a wide variety of media outlets. In addition to the articles about wine tasting, newspapers and magazines focused on the grilling competition and high-end art.

Kirkland Uncorked has been featured in:

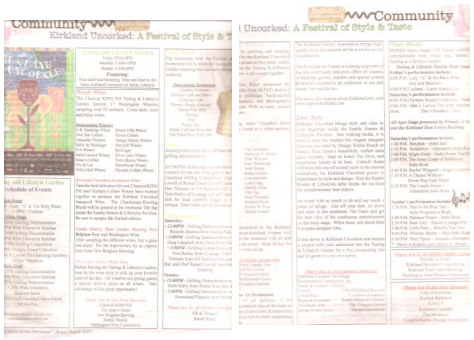
- The Seattle Times
- Seattle Post-Intelligencer
- Today's Seattle Woman Newspaper
- Kirkland Courier Reporter
- Destination Kirkland
- Wine Press Northwest
- Seattle Weekly
- Seattle Magazine
- Seattle Homes & Lifestyles
- The Herald
- The Stranger
- The Olympian
- Puget Sound Journey

Kirkland Courier Reporter

Wine Press Northwest

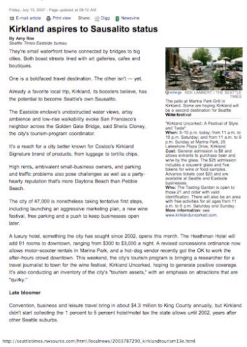


Seattle Post-Intelligencer



Today's Seattle Woman Newspaper

Destination Kirkland: 2007 Events Guide



The Seattle Times

ATTACHMENT B

FISCAL NOTE

CITY OF KIRKLAND

Source of Request

Marilynne Beard, Assistant City Manager

Description of Request

Request for $15,000 of Lodging Tax revenue to support marketing of the 2008 Kirkland Uncorked Event. The Lodging Tax Advisory Committee is recommending the $15,000 for marketing and will be funded from estimated revenue above budget for 2007 that is uncommitted.

Fiscal Impact

One-time use of Lodging Tax revenue. The Lodging Tax Fund is expected to receive over $74,000 in Lodging Tax revenue above the 2007 budget. The additional revenue is available to fund this one-time request.

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
Reserve	N/A	0	0	0	0	0	0
		0	0	0	0	0	0
Revenue/ Exp Savings							
Other Source							

Other Information

Prepared By	Sandi Hines, Financial Planning Manager	Date	December 14, 2007