



## **CITY OF KIRKLAND**

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

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## **MEMORANDUM**

**Date:** October 2, 2006

**To:** David Ramsay, City Manager  
Tracey Dunlap, Finance Director

**From:** Sheila Cloney, Special Projects Coordinator

**Subject:** 2007-2008 TOURISM BUDGET RECOMMENDATION

### RECOMMENDATION

Staff recommends that the enclosed recommendation from the Lodging Tax Advisory Committee be considered as part of the City's 2007-2008 Budget and be accepted as the 2006 Finance Director report.

### BACKGROUND

Attached is the preliminary 2007-2008 budget for the tourism program as recommended by the Lodging Tax Advisory Committee (LTAC). This memo describes the LTAC recommendation regarding the outside agencies they believe should receive funding from the lodging excise tax fund (for 2007 only), and how funds are proposed to be used to promote tourism in Kirkland.

Pursuant to KMC Chapter 5.19.230 the Lodging Tax Advisory Committee shall submit a report to the City's Finance Director regarding the proposed use of the tax revenue to ensure the fund expenditures are consistent with the intended use and long term stability of the lodging tax fund. This memo shall constitute the report from the LTAC.

The Lodging Tax Fund provides the revenue source for the tourism program based on a percentage of the sale of hotel/motel rooms in Kirkland. KMC Chapter 5 and State statute RCW Chapter 67.28 governs the use of Lodging Tax Funds and the role of the Lodging Tax Advisory Committee in prioritizing how the funds should be spent. For 2007 and 2008, the Finance Department conservatively projected an estimated revenue of \$135,000 and \$150,000 respectively.

### TOURISM BUDGET

The 2007-2008 \$285,000 proposed tourism budget is organized into the following key categories: Public Relations and Marketing, Brand Identity Development, Internal Communications, Professional Services, and Internal Charges (Attachment A).

### **Public Relations and Marketing**

During the fourth quarter of 2006 and early 2007 tourism staff will work with a tourism consultant to improve its offering by conducting a comprehensive inventory of Kirkland's tourism related assets. While staff has much of this information, detailed written information about each asset and high quality photographs are missing. The consultant

will then use the inventory to write pieces about Kirkland that can be pitched to regional and national tourism media groups. The Economic Development program will also benefit from this inventory as there is a need for these same products.

The tourism consultant will also be responsible for following up on leads, providing advice on ad buys and staying abreast of Washington State Tourism activities and opportunities. Staff will manage local marketing of events and activities and secure free local media coverage whenever possible.

A small advertising budget will continue to be used for publications such as Sunset and Guest Informant that serve Kirkland's tourist market. Guest Informant is an example of a high-end publication that has wide distribution, comes with free advertorial and has supplemental publications.

Travel and industry shows are also an opportunity to pitch directly to travel writers and magazine editors. Shows are typically held in large cities such as Los Angeles and New York. Funding is recommended for display boards and other materials to take to trade shows.

### **Brand Identity Development**

ExploreKirkland.com was created four years ago and is due for a redesign. LTAC recommends setting aside funds to pay for this future expenditure which is estimated at \$15,000-\$20,000.

Demand for existing and new and varied visitor publications is steady. Staff anticipates this need further increasing with the opening of the Heathman.

### **Internal Communications**

Staff will continue to work closely with local hotels, the Seattle Visitors and Convention Bureau, the State of Washington and surrounding cities to improve Kirkland's offering and create awareness of Kirkland as an Eastside destination. Staff is also working with the Economic Development Manager to increase tourism outreach opportunities and marketing materials that have cross purposes. Examples include display boards and a short video that can be used at trade shows, local cable TV and ultimately in hotel rooms.

### **Professional Services/Outside Agency Funding**

The Lodging Tax Advisory Committee recommends \$30,000 be allocated to outside agencies for tourism promotion activities. Funding requests were received in the amount of \$72,825 as part of the outside agency funding process (Attachment B). Applications were reviewed for consistency with state guidelines and funding evaluation criteria which includes how a proposal meets the implementation priorities established in the Tourism Marketing Action Plan. Tourism funding will be for products such as a historical guide that is currently a missing resource for tourists. Other funds will be used to market events regionally to attract new visitors.

### **Professional Services and Internal Charges**

In an effort to use limited resources most efficiently, funding that was previously designated for a tourism consultant has been divided into two categories. The Tourism Coordinator will be supported by a publicist (who will pitch to national and regional travel media), and a tourism intern (who will maintain the website, assist with the tourism asset inventory and distribute marketing materials throughout the community). Since additional direct staff will be spent on activities previously performed by the tourism consultant, the LTAC also recommends increasing the amount of lodging tax funds for the Tourism Coordinator from .11 FTE to .25 FTE.

2007 - 2008 TOURISM PROGRAM *Draft Budget*

2007 Revenue Projection				
2008 Revenue Projections				
Program Activities		2006 Roll Over	2007	2008
PR and Marketing	Media Relations Campaign	\$0	\$ -	
	Press Trips and FAM tours	\$2,500	\$ -	\$2,000
	Travel and Industry Shows/Display Boards	\$5,000	\$ -	\$4,000
	Regional Marketing	\$1,100	\$ -	\$1,000
	Advertising		\$ 12,500	\$13,000
	Packaging and Promotions	\$3,000	\$ -	
Brand Identity Development	Website	\$8,000	\$ 2,500	\$10,000
	Photography/Video	\$6,000	\$ -	\$4,400
	Visitor Publications/Printing	\$0	\$ 24,000	\$20,000
	Distribution	\$4,000	\$ -	\$10,000
	Visitor Information Kiosk	\$0	\$ 5,000	\$0
	Stakeholder Recognition	\$0	\$ -	\$0
Internal Communications	Constituent and Partnership Development	\$0	\$ 1,000	\$1,000
	Tourism Program Reporting	\$0	\$ -	\$0
	LTAC Support	\$0	\$ -	\$0
	Workshops	\$0	\$ -	\$0
	Electronic Comm. & Database Mngmt. Tools	\$1,500	\$ -	\$0
Professional Services, Outside Agency Funding etc.	Media Marketing Consultant	\$10,000	\$ 30,000	\$30,000
	Tourism Asst/Intern,Web		\$ 10,000	\$15,000
	Contingency (Internal/External)	\$1,000	\$ -	\$1,000
	LTAC Marketing Grants		\$ 30,000	\$17,600
	Miscellaneous	\$1,000	\$ -	\$1,000
Internal City	City Staff	\$0	\$ 20,000	\$20,000
<b>Budget Amount</b>		<b>\$43,100</b>	<b>\$ 135,000</b>	<b>\$150,000</b>

## City of Kirkland - 2007 Grant Request Summary

Event / Item	Address/Vendor #	2006 Grant Award	2007 LTAC Request	2007 LTAC Recommendation
Kirkland Downtown Association- General Marketing	111 Park Lane, Kirkland WA 98033	8,000	12,000	8,000
Kirkland Downtown Association - Co-op Marketing	111 Park Lane, Kirkland WA 98033		15,000	0
Celebrate Kirkland - 4th of July Marketing - LTAC	700 20th Ave. West, Kirkland, WA 98033	5,000	7,000	4,000
Kirkland Performance Center (brochure)	350 Kirkland Ave, Kirkland, WA 98033	10,000	10,000	8,000
Heritage Society			3,125	3,000
Kirkland Artist Studio Tours	11647 73rd Pl. NE Kirkland, WA 98034	2,000	6,800	2,000
Kirkland Art Center - Gallery Brochure - LTAC	620 Market, Kirkland, WA 98033	2,200	4,900	2,000
Kirkland Gallery Association - Gallery Brochure*			10,000	-
Concours - tourism			4,000	3,000
<b>Totals</b>		<b>\$ 27,200</b>	<b>\$ 72,825</b>	<b>\$ 30,000</b>

\*Pay using a credit from Certified Folders and funds budgted for distribution

**Proposed Tourism Grant Budget for 2007 is \$30,000**