



MEMORANDUM

To: Kurt Triplett, City Manager

From: David Wolbrecht, Neighborhood Services Outreach Coordinator
Chris Hendrickson, Web and Multimedia Content Specialist

Date: September 17, 2020

Subject: 2021-2022 OUTSIDE AGENCY AND TOURISM BUDGET

The City Manager's Office allocates Outside Agency Funding based on the following categories:

- **Partner Agencies** – Organizations that operate an ongoing program or facility owned by the City or provide services on behalf of the City. This designation was given to the Kirkland Performance Center and the Kirkland Downtown Association. The Bellevue YMCA as the contract operator of the Kirkland Teen Union Building (KTUB) also had this designation in previous budgets, however, that contract was not renewed after it expired in June of 2020 as discussed further below.
- **Special Events** – Events that have significant public appeal and are substantially funded and staffed by the City. In 2014, the City Council adopted a policy identifying a category of "Community Events" that are significant community events primarily intended for Kirkland residents and that do not require an admission fee to attend. The City Council designated the 4th of July Celebration, Summer Concert Series, and the Winterfest events as Community Events.
- **Tourism Funding** – The Tourism Development Committee (TDC), acting as the Lodging Tax Advisory Committee (LTAC), develops a recommendation to the City Council for the Explore Kirkland Tourism Program Budget for tourism projects and activities and funding for outside agencies producing tourism events.

Looking Back at 2019 and 2020

Special Events

In 2013–2014, Waste Management, the City's contracted waste hauler, agreed to contribute \$224,000 over seven years (\$32,000 per year) to help fund Community Events. This contribution launched in 2014, and the City Council annually allocated the funds as follows:

- 4th of July Celebration: \$16,000
- Summer Concert Series: \$8,000
- Winterfest: \$8,000

Since 2015, the City Council has matched the Waste Management contributions to support those same events at the same allocation amount. The City matched Waste Management’s contribution with one-time funding for 2019–2020 for a total of \$64,000 (\$32,000 per year).

[Note that a portion of the City’s annual Partner Agency support to the Kirkland Downtown Association of \$45,000 also supports event organization and promotion.]

Tourism Funding

The Tourism Development Committee awarded \$60,000 per year for tourism events and activities that attracted visitors from more than 50 miles away. In 2019, the \$60,000 was distributed among 12 nonprofits and event organizations which coordinated a total of 20 events in the City of Kirkland.

Like in 2019, the TDC distributed \$60,000 to 12 nonprofits and event organizations to help fund a total of 21 events scheduled for 2020. With the appearance of the COVID-19 pandemic in Kirkland, most TDC-funded events were cancelled. The most notable cancellation was the summer Junior League Softball World Series, which was cancelled for the first time in 73 years.

As of October 2020, the status is as follows: a total of 13 events were cancelled with their grant awards unencumbered, four events were completed, and two are still pending. Two events – 7 Hills of Kirkland and Kirkland Art Center’s Speak Up – were “repurposed” and transformed to digital events, with the applicants submitting revised applications to the TDC for its review and consideration. The TDC held thoughtful and deliberate discussion about funding events that transition to “virtual,” as they are technically not in alignment with the mission of attracting visitors from over 50 miles away. Consensus among TDC members was to consider each change of scope on a case by case basis, as successful virtual events can be viewed as “banked” tourism capital and a good investment in the future of events in Kirkland.

Looking Ahead to 2021-2022

Partner Agency

| Agency | 2019–2020 Approved | 2021–2022 Requested | 2021–2022 Recommended | Source |
|-----------------------------------|-------------------------------|--------------------------------|----------------------------------|-----------------------|
| Kirkland Downtown Association | \$90,000 | \$90,000 | \$90,000 | Ongoing General Fund |
| Kirkland Performance Center | \$100,000 | \$100,000 | \$100,000 | One-Time General Fund |
| YMCA/Kirkland Teen Union Building | \$320,000 | \$0 | \$0 | Ongoing General Fund |

The 2021-2022 Budget continues to support the KDA and the KPC as partner agencies through the biennium. As noted earlier, the Bellevue YMCA as the contract operator of the Kirkland Teen Union Building (KTUB) also had this designation in previous budgets and received \$160,000 per year to maintain the facility and contribute toward the cost of programming. The ten-year lease with the Bellevue YMCA expired at the end of June of 2020. The contract was not renewed as KTUB was anticipated to be used to support COVID-19 homelessness response efforts. The building will be maintained by the City using a portion of this funding while future options for programming are being evaluated. A Request for Proposals (RFP) to provide services at the KTUB will be issued in 2021 once the continuing impacts of the pandemic to the community are understood. The YMCA and other non-profits will have the opportunity to submit proposals in response to the RFP. The City will also develop in-house options for consideration.

Special Events

Although there is uncertainty around special events due to the pandemic, the 2021-2022 Budget continues to support special events. One difference from 2019-2020 is the Waste Management funding amounts for 2021-2022 total \$48,000 (\$32,000 in 2021 and \$16,000 in 2022, pro-rated for their contract expiring June 30, 2022). The City also received additional one-time funding of \$39,000 from Waste Management in 2020. The City Manager is recommending that this amount be carried forward to 2021-2022 to help offset the decreased funding from Waste Management in 2022. The City Manager is recommending that the City's one-time funding of \$64,000 from 2019-2020 be maintained at that level through the 2021-2022 biennium and supplemented with the amount carried forward from 2020. Based on these recommendations, and using the same allocation formula, the funding allocated by event and year from both the City and Waste Management will be as follows:

| Community Event | 2021 | 2022 | 2021-2022 | Source |
|-------------------------|-------------|-------------|------------------|------------------|
| 4 th of July | \$16,000 | \$8,000 | \$24,000 | Waste Management |
| Summer Concert Series | \$8,000 | \$4,000 | \$12,000 | Waste Management |
| Winterfest | \$8,000 | \$4,000 | \$12,000 | Waste Management |
| Total | \$32,000 | \$16,000 | \$48,000 | Waste Management |

| Community Event | 2021 | 2022 | 2021-2022 | Source |
|-------------------------|-------------|-------------|------------------|---|
| 4 th of July | \$16,000 | \$24,000 | \$40,000 | One-Time General Fund; WM 2020 Carry Forward |
| Summer Concert Series | \$8,000 | \$12,000 | \$20,000 | One-Time General Fund; WM 2020 Carry Forward |
| Winterfest | \$8,000 | \$12,000 | \$20,000 | One-Time General Fund; WM 2020 Carry Forward |
| Total | \$32,000 | \$48,000 | \$80,000 | One-Time General Fund; WM 2020 Carry Forward |

2021-2022 Tourism Budget

The Explore Kirkland tourism program is funded by the Lodging Excise Tax of 1 percent collected from short-term accommodations as authorized by state statute RCW 67.28. The City Manager's Office oversees the Explore Kirkland tourism promotion program with the primary goal of attracting visitors to Kirkland in order to sustain a vibrant and healthy economy.

The City Manager's Office provides staff support to the Tourism Development Committee (TDC), which acts as the Lodging Tax Advisory Committee as required by statute. The role of the TDC is to provide recommendations on the use of the lodging tax funds and help guide Explore Kirkland tourism program goals and priorities.

The presence of COVID-19 in the Kirkland community has had a dramatic impact on Lodging Tax revenues, which immediately plummeted due to halted leisure travel, worldwide stay at home orders, and reduced business travel. The TDC took note of this in early March and directed staff to work with the City's Finance & Administration staff to gather timely lodging tax revenue projections for its review and analysis. The TDC continued to meet on a monthly basis via Zoom to examine the acute impacts COVID-19 was having on City events, the tourism budget, and the tourism industry. Lodging tax revenue projections were compared to actuals as data became available to inform the ongoing discussion.

Because of the broad range of complexities associated with COVID-19, the TDC launched its budgeting process in April, working to reduce expenditures in 2020 and to budget conservatively for the 2021-2022 biennium. In June, the TDC discussed whether to hold the 2021 tourism funding grant process. The TDC carefully evaluated the growing number of 2020 events that had been cancelled, recognizing that the previously awarded grant funding would be unencumbered and returned to the TDC's budget. Based on the actual and projected unencumbered 2020 grant funds, 2020 expenditure reductions, and satisfactory reserve levels, the TDC achieved consensus that the 2021 grant funding process should proceed as normal.

The Tourism Development Committee (TDC) recommends continuing to 2021-2022 the base budget approved for 2019-2020, with the following changes and reductions to reflect completed projects and alterations made to accommodate the City's reduced Lodging Excise Tax revenues:

Explore Kirkland Additional Staffing - \$70,224

The base budget includes .31 FTE Special Projects Coordinator staff and .20 FTE Administrative Assistant staff, which are proposed to continue in 2021-2022. The 2019-2020 budget included an additional 0.40 FTE temporary staffing for the Special Projects Coordinator from two sources: 0.25 from a 2019-2020 service package and 0.15 from a reallocation of the vacated Economic Development Manager position. Both sources will end on December 31, 2020. Due to the uncertainty of future events in 2021 and the unpredictability of COVID-19 and its impacts on the tourism landscape, the TDC decided to only request a temporary 0.25 FTE staff increase for Special Projects Coordinator staffing in 2021-2022 instead of the full 0.40 service FTE increase that was in the 2019-2020 budget.

Explore Kirkland Website Hosting - \$46,000

The Explore Kirkland website (www.explorekirkland.com) has been completely redesigned and rolled out to the community in a "soft launch." The soft launch approach was strategic and in alignment with current social distancing guidelines and prohibitions on group gatherings. A formal launch is planned once the future of tourism events has more clearly defined parameters. The TDC is recommending \$46,000 for web hosting in the upcoming biennium.

Tourism Outside Agency Funding - \$60,000

The Tourism Development Committee recommends continued funding of \$60,000 for outside agencies producing tourism events in hopes of a robust comeback in 2021, while acknowledging the possibility that prohibitions and/or limitations on large group gatherings could continue to impact tourism events. Staff opened the funding application process in June and accepted applications through 5 p.m. on August 7, 2020. The City received a total of 18 applications for funding totaling \$123,900. The TDC held a Zoom conference on August 21, 2020 to view each organization's presentation and learn more about the events, including two brand new events by new applicants that resulted from staff outreach. The TDC met on September 3, 2020 to discuss the applications and make its final funding recommendation.

Criteria

In addition to State requirements, the TDC used supplemental criteria in evaluating and ranking the applicants. Three new opportunities for bonus points were introduced in 2020 to reflect the COVID-19 landscape, encourage events in Totem Lake, and to emphasize the City's commitment to be a safe, inclusive and welcoming place for all people. Additionally, the TDC approved a new section in the application meant to encourage event planners to remain cognizant of the unpredictability of COVID-19 and to stay informed about the most current health and safety recommendations.

The TDC used the following criteria to rate applications:

Tourist Attraction and Marketing - 50 points

The extent to which the event/program demonstrates the ability to attract visitors from 50 miles or more away and generate overnight stays.

Project Scope - 20 points

The extent to which the event/program improves the City's overall image by providing a positive visitor experience and/or promoting the area's existing attractions including the Kirkland Waterfront and Cross Kirkland Corridor.

Economic Impact - 10 points

The extent to which the event/program will generate a positive economic impact by increasing visitor expenditures in Kirkland.

Project Success and Sustainability - 10 points

The extent to which the applicant has a proven track record of implementing a successful event/program including contract and permit compliance. The ability of the event to secure additional funding sources beyond City of Kirkland tourism funding.

Community Collaboration - 10 points

The extent to which the applicant partners and collaborates with other Kirkland events and organizations in leveraging resources and marketing efforts.

Bonus Points: New Event - 15 points

New event/programs that have been in existence for less than three years qualify for up to 15 bonus points.

Bonus Points: Shoulder Season Impact - 10 points

Events that take place in the shoulder season (October-April) qualify for up to 10 bonus points.

Totem Lake Events—10 points

Events that take place within the boundaries of the Totem Lake Urban Center, qualify for up to 10 bonus points. For more information about the Totem Lake Urban Center, visit the [Totem Lake webpage](#).

Welcome Back / Re-opening Themed Events—10 points

Events that strongly promote and embrace COVID-19 recovery/welcome back as the overarching theme qualify for up to 10 bonus points.

Safe, Inclusive, and Welcoming Events—10 points

Events that have a stated purpose that reinforces the City's commitment to being a safe, inclusive, and welcoming place for all people, with particular focus on increasing awareness of and/or celebrating cultural, ethnic, and/or racial diversity, qualify for up to 10 bonus points.

The scores were recorded and averaged, and the totals were shared with the group. The Committee then determined the levels of funding based on the scores and criteria. The Committee voted unanimously to recommend the distribution of \$60,000 in tourism funding to organizations producing the events identified in the table on the following page.

| 2021 Tourism Funding Applications | Past Tourism Awards | | TDC Scores and Recommended Funding | |
|---|---------------------|----------------------|------------------------------------|--------------------------|
| | 2020 Awarded Amount | 2020 Amount Expended | 2021 Funding Requests | 2021 Recommended Funding |
| Junior Softball World Series | \$10,500 | \$0 | \$11,000 | \$10,500 |
| Kirkland Downtown 3-on-3 Basketball Tournament ** | 0 | NA - new event | 13,300 | 8,000 |
| Mexican Serenata at Marina Park ** | 0 | NA - new event | 12,600 | 5,000 |
| Kirkland Uncorked | 4,500 | 0 | 14,000 | 5,000 |
| Kirkland Oktoberfest | 4,500 | 0 | 10,000 | 5,000 |
| Kirkland Summerfest | 4,000 | 0 | 10,000 | 5,000 |
| 7 Hills of Kirkland | 3,000 | pending | 5,000 | 3,000 |
| Celebrate Kirkland 4th of July | 3,000 | 0 | 8,000 | 0 |
| 12Ks of Christmas | 3,000 | pending | 3,000 | 1,800 |
| Mother's Day Half Marathon | 3,000 | 213 | 1,200 | 1,200 |
| Kirkland Performance Center KPC at Home*** | 3,000 | 3,000 | 3,500 | 5,000 |
| SRJO with Christian McBride* | 1,000 | 0 | 3,000 | 1,000 |
| Kirkland Waterfront Car Show | 4,500 | 0 | 6,400 | 4,500 |
| Kirkland Winterfest and Tree Lighting | 1,500 | pending | 8,400 | 0 |
| Pumpkins in the Park | 2,000 | pending | 2,000 | 2,000 |
| Studio East Summer Teen Show | 1,000 | 0 | 5,000 | 1,000 |
| Kirkland Summer Concert Series | 1,000 | 0 | 3,000 | 0 |
| Kirkland Quarterly Wine Walks | 2,000 | pending | 4,500 | 2,000 |
| Total Outside Agency Funding | \$51,500 | \$3,213 | \$123,900 | \$60,000 |

*Different performance.

**New event.

Summary of Recommended Funding

The following tables provide a summary of the recommended funding levels by type of funding. Partner Agencies and Special Events are funded in 2021 and 2022. Tourism funding is recommended for 2021 only; however, the 2021 budget includes the recommended allocation of \$60,000 to be distributed in 2022.

2021–2022 Funding Requests and Recommendations

| Source: General Fund | 2019–2020 Approved | 2021–2022 Requested | 2021–2022 Recommended |
|------------------------------------|-------------------------------|--------------------------------|----------------------------------|
| Partner Agency - Ongoing | \$410,000 | \$90,000 | \$90,000 |
| Partner Agency - One-time | \$100,000 | \$100,000 | \$100,000 |
| Special Events (City Portion Only) | \$64,000 | \$80,000 | \$80,000 |
| Subtotal General Fund | \$254,000 | \$270,000 | \$270,000 |

2021 Funding Requests and Recommendations

| Source: Lodging Tax | 2020 Approved | 2021 Requested | 2021 Recommended |
|----------------------------|--------------------------|---------------------------|-----------------------------|
| Tourism Funding | \$60,000 | \$123,900 | \$60,000 |

State law guides that any modification to the TDC's proposed budget must be referred back to the TDC for review and endorsement.