



MEMORANDUM

To: Kurt Triplett, City Manager

From: James Lopez, Deputy City Manager for External Affairs
Chris Hendrickson, Web & Multimedia Content Specialist

Date: November 2, 2021

Subject: Tourism Development Committee 2022 Funding Recommendation

RECOMMENDATION:

It is recommended that the City Council accept the unanimous recommendation of the Tourism Development Committee (TDC) to distribute Tourism Funding to the programs and events proposed for 2022 at the levels specified below. By taking action on the consent agenda, this recommendation will be approved.

BACKGROUND:

The Tourism Development Committee (TDC), which functions as Kirkland's Lodging Tax Advisory Committee (LTAC), advises the Council on how to best allocate lodging excise tax funds for tourism promotion in Kirkland. The TDC has seven seats, with five voting members and two vacancies as of October 2021. Revised Code of Washington (RCW) 67.28.1817 establishes the specific makeup of the committee which consists of at least five members, appointed by the City. The statute requires committee membership to include: one member of the City Council (who serves as chair); at least two representatives from organizations representing businesses required to collect the lodging tax; and at least two representatives of organizations involved in activities authorized to be funded by lodging tax revenue or local agencies involved in tourism promotion.

The City of Kirkland currently appoints seven members to its Tourism Development Committee (three representatives from organizations representing businesses required to collect the lodging tax, three representatives of organizations involved in activities authorized to be funded by lodging tax and one City Councilmember).

RCW 67.28.180 provides authority for cities to adopt a lodging tax. The City of Kirkland has adopted a one percent (1%) lodging tax rate and may invest these revenues into events or programs that attract visitors to Kirkland. These funds are awarded to outside agencies for the marketing or operations of special events and festivals designed to attract tourists to Kirkland and are distributed on a reimbursement basis. The primary mission for lodging tax funding is to increase overnight stays in Kirkland, often referred to as "heads in beds."

For 2022, the TDC budgeted \$60,000 for outside agency funding, as has been done in years past, but remained open to the idea of allocating additional funding from lodging tax reserves to broaden the City's response to COVID-19. The idea of increasing the overall amount awarded for tourism grants has been discussed repeatedly throughout 2021 as a strategy to strengthen and stimulate recovery of the City's tourism program and to boost the overall economic recovery of the City.

To open the TDC's 2022 tourism funding process, Kirkland Tourism staff announced the availability of the 2022 Tourism Funding Application in June 2021. A total of 21 applications were received by the August 6 deadline, with a combined funding request totaling \$210,500. The TDC convened on August 20, 2021 via Zoom to hear presentations from the applicants. TDC members recused themselves during presentations made by agencies they are affiliated with. This was done out of an abundance of caution to avoid any appearance of conflict of interest. In the weeks following the August 20 presentations, members rated the applications individually on a number scale based on criteria outlined in the application and provided their scores to tourism staff for recording.

Events are scored using the following scoring system:

Event Application Criteria

- Tourist Attraction and Marketing – 50 points: The extent 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 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 the event/program will generate a positive economic impact by increasing visitor expenditures in Kirkland.
- Project Success and Sustainability - 10 points: The extent the applicant has a track record in 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 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.
- Shoulder Season Impact – 10 points: Events that take place in the shoulder season (October-April) 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.
- Multiday Competitive Tournaments (athletic and otherwise) – 10 points: Events that offer multiple days (two or more) of competitive activities, whether athletic tournaments or competitive gaming events, qualify for up to 10 bonus points.

The TDC next met on Thursday, September 2, to rank the individual events and make its final funding recommendation to City Council. The scores and totals were shared with the TDC members at this meeting. The Committee then discussed and determined levels of funding based on the

scores, past funding levels and the total budget. During this review and decision-making process, the TDC made the decision to allocate a total of \$42,000 from TDC reserves to ensure that each event received funding. This brought the total funding amount up to \$102,000 for 2022.

The Tourism Development Committee voted unanimously to recommend the distribution of 2022 funds to programs and events at the levels specified in the table below.

| 2022 Tourism Funding Applications | | |
|--|--|-------------------------------------|
| Event | Organization | TDC 2022 Recommended Funding |
| Junior Softball World Series | Little League Baseball, Inc | \$11,000 |
| The Great Northwest 3 on 3 Basketball Tournament | Stars Unlimited | \$10,000 |
| Eastside Community Musical | Kirkland Performance Center | \$5,000 |
| Kirkland Urban Pride | Kirkland Urban | \$6,000 |
| Tia Fuller | Seattle Repertory Jazz Orchestra | \$3,000 |
| 12Ks of Christmas | Snohomish Running Company | \$2,000 |
| Kirkland Oktoberfest | Chump Change Productions | \$10,000 |
| Kirkland Uncorked | Bold Hat Productions | \$10,000 |
| Kirkland Summerfest | Chump Change Productions | \$10,000 |
| Lake Washington Half Marathon | Orca Running | \$2,000 |
| Kirkland Waterfront Car Show | Kirkland Downtown Association | \$5,000 |
| Celebrate Kirkland 4th of July | Kirkland Downtown Association | \$5,000 |
| Mother's Day Half Marathon | Orca Running | \$2,000 |
| 7 Hills of Kirkland | Attain Housing | \$3,000 |
| Pumpkins in the Park | Kirkland Downtown Association | \$2,000 |
| Kirkland Quarterly Wine Walks | Kirkland Downtown Association | \$1,500 |
| Kirkland Winter Programs | Kirkland Downtown Association | \$5,000 |
| Shakespeare in the Park | Studio East Training for the Performing Arts | \$5,000 |
| Studio East Summer Teen Show | Studio East Training for the Performing Arts | \$1,500 |
| Tasveer Festival | Tasveer | \$2,000 |
| Kirkland Children's Fair | Space for Youth | \$1,000 |
| | | \$102,000 |

Fund Balance and Reserve Policies

The current projected reserve balance in the lodging tax reserve fund is \$295,307. The TDC has adopted a tourism reserve policy that recommends that the TDC always retain half of the previous year's annual lodging tax revenue in operating reserves. This is estimated at \$90,090 for 2022. However, as this amount is reflective of the reduced lodging tax revenues of 2020 and 2021, the TDC indicated that it would like to base its reserve level on revenues seen pre-pandemic. This would raise the operating reserves to \$167,000.

This puts the available lodging tax reserves at \$128,307 based on the total reserve balance of \$295,307, less the \$167,000 operating reserve minimum. Thus, this action, if approved, is consistent with the City and TDC fund reserve policy.

The attached Fiscal Note (Attachment A) is required to make the budget adjustment to reduce the reserve budget by \$42,000 and increase from \$60,000 to \$102,000 the designated expenditure account for Tourism Professional Services: Grants to Outside Agencies for 2022.

NEXT STEPS

Staff recommends Council accept the TDC's 2022 tourism funding recommendation by taking action on the consent calendar. RCW 67.28.1816 requires that the City Council "may choose only recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee." The Council may choose to remove recipients from the list, but it cannot add any and cannot change funding amounts.

Attachment A: Fiscal Note

Attachment B: TDC September Minutes