City of Kirkland
Tourism Development Committee (TDC)
January 5, 2023 (9am-10am)

MINUTES

1. Chair Toby Nixon called the meeting to order at 9:02am

2. Roll Call
   Members: Jackie Socha, Scott Guthrie, Phil Megenhardt, Mike Hill, Toby Nixon, Lori Goldfarb
   Staff: Jim Lopez, Diana Hart, Martha Chaudhry, Carmine Anderson, Sudie Elkayssi
   Absent: Skye Branson

3. Public Comment
   No public attendance

4. Action Needed

   a. The December 1, 2022 meeting minutes were approved with a motion make by Jackie Socha, seconded by Lori Goldfarb. There was no discussion and no objection.

5. Introduction – Welcome to the City's new Government Affairs Manager, Diana Hart

6. Discussion – Lodging Tax

   a. Review of current TDC Grants program.
   Funding from the tourism discretionary budget allocates $60K annually to this program. Season kicks off in May of each year with a TDC review of the process and timeline. Goes live in June. Deadline for applications is typically in August with TDC meeting at end of August to review and interview applicants. TDC makes final selection and requests consent on the October Council meeting agenda. Awarded applicants are notified in December. Grant agreements signed by February of that grant year. As events are completed, awardee submits the online reimbursement form as well as the state reporting numbers for the City's LTAC filing in March of the following year.

   b. Review of RCW 67.28.1817 Lodging Tax – Tourism Promotion – what the law allows (detail provided in Attachment A: LTAC Funds Discussion Document).

   c. Question: does the TDC want to consider a change in how LTAC funds are distributed?
      i. Reasons: Current process requires a lot of city staff time. Another use of LTAC funds may have a greater impact on hotel revenues.

ii. Considerations: Do any of the current grant awardees see this as a make-it or break-it grant? Can they continue their event without this grant?

d. Ideas and options for potential change in funds distribution process (see Attachment A).
e. Discussion: We could reach a broader audience using the LTAC funding differently than current process. Best to reach out to current applicants to see how a change to the funding program could impact their event. Could they continue their event without the TDC grant? Biggest impact could be to Little League as they use the funding for hotel rooms (which currently feeds back into hotel revenue). We currently do not know if the grants directly impact hotel stays as there is no current method for tracking which hotel event participants stay in, if any.
TDC will continue discussion in February.
April deadline to decide on any changes to the program.

7. Staff Updates
   a. Parks' Events – Will update in February

   b. Digital Marketing – Explore Kirkland
      a. Martha shared numbers from consultant D2 Creative digital marketing program (see Attachment B: Tourism Campaign Weekly Report).

   c. Kirkland Ca$h - Will update in February

   d. Shop Local Kirkland - Will update in February

   e. October 2022 Hotel Lodging Tax Revenue Received: $26,724

8. Good of the Order

Chair Toby Nixon adjourned the meeting at 10am.

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Discussion of LTAC Funds
TDC Meeting 1-5-2023 - mrc

Lodging Tax WA State RCW 67.28.1817 Lodging Tax – Tourism Promotion
CoK Municipal Code 5.19.010 KMC

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1. LTAC revenue can be used for the following:
    a. Tourism marketing;
    b. The marketing and operations of special events and festivals *designed to attract tourists*;
    c. Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public or operated by nonprofit organizations.

2. Relevant Definitions: (RCW 67.28.080 and KMC 5.19.050)
    a. "Tourist" is defined by Kirkland as "a person who travels from a place of residence to a different town, city, county, state or country, for purposes of business, pleasure, recreation, education, arts, heritage, or culture. "

    b. "Tourism" is defined as "Economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs."

    c. "Tourism promotion" means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourists.

3. *50 Miles Away* Requirement– Statute Language and Interpretation

    a. From RCW 67.28.1816 (2)(a):
        Z Y o] v o ˙] v P (} µ } (À [including the City itself as an applicant] *must provide the municipality to which they are applying estimates of how any moneys received will result in increases in the number of people traveling for business or pleasure on a trip:*

        (i) Away from their place of residence or business and staying overnight in paid accommodations;
        (ii) To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or

(iii) From another country or state outside of their place of residence or their business.

b. This requirement for an estimate does not place any explicit restriction on the use of LTAC funds. LTAC funds can be used for any tourism marketing.

c. The definitions do not impose a requirement that LTAC funds be used to attract tourists from 50-miles away.

d. The use of LTAC funds for 'tourism marketing' must be designed to attract *tourists*. Therefore, such efforts must target populations beyond the local market.

e. <u>From RCW 67.28.1816 (2)(c)(i)</u>
'*All recipients must submit a report to the municipality describing the actual number of people traveling for business or pleasure on a trip:*

(A) Away from their place of residence or business and staying overnight in paid accommodations;
(B) To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
(C) From another country or state outside of their place of residence or their business.

4. <u>Potential Other Options for Use of LTAC Revenues</u>
   a. Criteria?
      i. Centralize tourism funding
      ii. Staff time required
      iii. Equity considerations
      iv. Targeted support of single effort/priority

   b. Potential Ideas:

      i. Leverage the digital marketing contracts and support marketing of specific, qualifying events directly;
      ii. Leverage Kirkland Ca$h - incentivize hotel stays,
      iii. Leverage Kirkland Ca$h - provide incentive marketing for event producers
      iv. Support physical repairs of tourism facilities/non-profits
      v. City operation of an event
      vi. Others?

ATTACHMENT A t RCW 67.28.1816

RCW 67.28.1816 Lodging tax v Tourism promotion.

(1) Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitors bureau or destination marketing organization for:

(a) Tourism marketing;

(b) The marketing and operations of special events and festivals designed to attract tourists;

(c) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district created under chapters **35.57** and **36.100** RCW; or

(d) Supporting the operations of tourism-related facilities owned or operated by nonprofit organizations described under 26 U.S.C. Sec. 501(c)(3) and 26 U.S.C. Sec. 501(c)(6) of the internal revenue code of 1986, as amended.

(2)(a) Except as provided in (b) of this subsection, applicants applying for use of revenues in this chapter must provide the municipality to which they are applying estimates of how any moneys received will result in increases in the number of people traveling for business or pleasure on a trip:

(i) Away from their place of residence or business and staying overnight in paid accommodations;

(ii) To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or

(iii) From another country or state outside of their place of residence or their business.

(b)(i) In a municipality with a population of five thousand or more, applicants applying for use of revenues in this chapter must submit their applications and estimates described under (a) of this subsection to the local lodging tax advisory committee.

(ii) The local lodging tax advisory committee must select the candidates from amongst the applicants applying for use of revenues in this chapter and provide a list of such candidates and recommended amounts of funding to the municipality for final determination. The municipality may choose only recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee.

(c)(i) All recipients must submit a report to the municipality describing the actual number of people traveling for business or pleasure on a trip:

(A) Away from their place of residence or business and staying overnight in paid accommodations;

(B) To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or

(C) From another country or state outside of their place of residence or their business. A municipality receiving a report must: Make such report available to the local legislative body and the public; and furnish copies of the report to the joint legislative audit and review committee and members of the local lodging tax advisory committee.

(ii) The joint legislative audit and review committee must on a biennial basis report to the economic development committees of the legislature on the use of lodging tax revenues by municipalities. Reporting under this subsection must begin in calendar year 2015.

(d) This section does not apply to the revenues of any lodging tax authorized under this chapter imposed by a county with a population of one million five hundred thousand or more.

[**2013 c 196 § 1**; **2008 c 28 § 1**; **2007 c 497 § 2**.]

ATTACHMENT B t KMC 5.19.050

KMC 5.19.050 Lodging tax fund.

(a) Pursuant to RCW Chapter 67.28, a special fund to be known as the lodging tax fund is hereby established and all taxes collected under this chapter shall be credited to this special fund.

(b) All revenue collected under this chapter shall be used solely for the purpose of paying all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities or for other purposes as authorized in RCW Chapter 67.28, or as it is hereafter amended.

(c) The definitions in this section shall apply throughout this chapter unless the context clearly requires otherwise:

(1) “Tourism” means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.

(2) “Tourism promotion” means activities and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing of special events and festivals designed to attract tourists.

(3) “Tourism-related facility” means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor, and used to support tourism, performing arts, or to accommodate tourist activities.

(4) “Tourist” means a person who travels from a place of residence to a different town, city, county, state or country, for purposes of business, pleasure, recreation, education, arts, heritage, or culture. (Ord. 3799 § 1 (part), 2001)

5.19.060 Administration.

The State Department of Revenue is designated as the agent of the city for the purposes of collection of the lodging tax and for administrative procedures applicable thereto. All rules, regulations, and procedures adopted by the State Department of Revenue for the administration of the collection of lodging tax on behalf of the city are adopted by reference. (Ord. 3799 § 1 (part), 2001)

Stay + Play Campaign Report

Summary	20-Nov	27-Nov	4-Dec	11-Dec	18-Dec	25-Dec	1-Jan	Totals
Impressions	9,894	286,137	516,345	651,548	246,683	1,298,817	1,213,836	4,223,260
Clicks	32	916	1,652	2,779	4,303	9,159	9,538	28,379
CTR	0.32%	0.32%	0.32%	0.43%	1.74%	0.71%	0.79%	0.67%
Cost	$ 1,428.57	$ 1,428.57	$ 1,428.57	$ 2,094.98	$ 2,521.12	$ 3,108.06	$ 2,550.85	$ 14,560.72
CPC	$ 44.64	$ 1.56	$ 0.86	$ 0.75	$ 0.59	$ 0.34	$ 0.27	$ 0.51
Hotel Booking Leads	0	1	2	13	31	45	16	108
Newsletter Subscriptions	1	0	3	6	16	19	16	61
Total Conversions	1	1	5	19	47	64	32	169
CPA	$ 1,428.57	$ 1,428.57	$ 285.71	$ 110.26	$ 53.64	$ 48.56	$ 79.71	$ 86.16
Conv Rate	3.13%	0.11%	0.30%	0.68%	1.09%	0.70%	0.34%	0.60%

Google	20-Nov	27-Nov	4-Dec	11-Dec	18-Dec	25-Dec	1-Jan	Totals
Impressions				117,176	78,313	709,144	788,469	1,693,102
Clicks				926	3,407	6,894	8,072	19,299
CTR				0.79%	4.35%	0.97%	1.02%	1.14%
Cost				$ 415.51	$ 389.16	981.08	913.51	$ 2,699.26
CPC				$ 0.45	$ 0.11	$ 0.14	$ 0.11	$ 0.14
Hotel Booking Leads				3	8	19	9	39
Newsletter Subscriptions				2	4	9	5	20
Total Conversions				5	12	28	14	59
CPA				$ 83.10	$ 32.43	$ 35.04	$ 65.25	$ 45.75
Conv Rate				0.54%	0.35%	0.41%	0.17%	0.31%

Facebook	20-Nov	27-Nov	4-Dec	11-Dec	18-Dec	25-Dec	1-Jan	Totals
Impressions				28,436	90,057	126,126	45,067	289,686
Clicks				234	645	782	249	1,910
CTR				0.82%	0.72%	0.62%	0.55%	0.66%
Cost				250.9	703.39	698.41	208.77	$ 1,861.47
CPC				$ 1.07	$ 1.09	$ 0.89	$ 0.84	$ 0.97
Hotel Booking Leads				7	21	14	6	48
Newsletter Subscriptions				3	8	3	8	22
Total Conversions				10	29	17	14	70
CPA				$ 25.09	$ 24.25	$ 41.08	$ 14.91	$ 26.59
Conv Rate				4.27%	4.50%	2.17%	5.62%	3.66%

Hearst	20-Nov	27-Nov	4-Dec	11-Dec	18-Dec	25-Dec	1-Jan	Totals
Impressions	9,894	286,137	516,345	505,936	78,313	463,547	380,300	2,240,472
Clicks	32	916	1,652	1,619	251	1,483	1,217	7,170
CTR	0.32%	0.32%	0.32%	0.32%	0.32%	0.31%	0.32%	0.32%
Cost	$ 1,428.57	$ 1,428.57	$ 1,428.57	$ 1,428.57	$ 1,428.57	$ 1,428.57	$ 1,428.57	$ 9,999.99
CPC	$ 44.64	$ 1.56	$ 0.86	$ 0.88	$ 5.69	$ 0.96	$ 1.17	$ 1.39
Hotel Booking Leads		1	2	3	2	12	1	21
Newsletter Subscriptions	1		3	1	4	7	3	19
Total Conversions	1	1	5	4	6	19	4	40
CPA	$ 1,428.57	$ 1,428.57	$ 285.71	$ 357.14	$ 238.10	$ 75.19	$ 357.14	$ 250.00
Conv Rate	3.13%	0.11%	0.30%	0.25%	2.39%	1.28%	0.33%	0.56%