



## MEMORANDUM

**To:** Kurt Triplett, City Manager  
**From:** James Lopez, Assistant City Manager  
**Date:** September 6, 2018  
**Subject:** 2019–2020 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, Bellevue YMCA for the Kirkland Teen Union Building, and the Kirkland Downtown Association.
- **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 4<sup>th</sup> of July Celebration, Summer Concert Series, and the Holiday Tree Lighting events as Community Events.
- **Community Agency Funding**—Activities and projects that would be funded on a one-time basis through a competitive process. Total funding to be dispersed is determined on an annual basis.
- **Tourism Funding**—The Tourism Development Committee (TDC) acting as the Lodging Tax Advisory Committee (LTAC) develops a recommendation to 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 2017 and 2018

### 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. In 2014, the first year funding was available, the City Council allocated the funds as follows:

- 4<sup>th</sup> of July Celebration: \$16,000
- Summer Concert Series: \$8,000
- Holiday Tree Lighting: \$8,000

The City matched Waste Management’s contribution with one-time funding for 2017–2018 for a total of \$64,000 (\$32,000 per year).

**Tourism Funding**

The Tourism Development Committee awarded \$60,000 for tourism projects and activities that attracted visitors from more than 50 miles away.

**Looking Ahead to 2019-2020**

**Partner Agency**

The 2019-2020 Budget continues to support partner agencies. The City Manager is recommending that the City’s one-time funding of \$90,000 for the Kirkland Downtown Association be maintained through the biennium as follows:

<b>Agency</b>	<b>2017–2018 Approved</b>	<b>2019–2020 Requested</b>	<b>2019–2020 Recommended</b>	<b>Source</b>
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	\$320,000	\$320,000	Ongoing General Fund

**Special Events**

The 2019-2020 Budget continues to support special events. The City Manager is recommending that the City’s one-time funding of \$64,000 (\$32,000 per year) be maintained at that level through the biennium. Based on this recommendation and using the same allocation formula, the funding allocated by event and year from both the City and Waste Management will be as follows:

Waste Management Donation for Community Events

<b>Community Event</b>	<b>2019</b>	<b>2020</b>	<b>2019-2020</b>	<b>Source</b>
4 <sup>th</sup> of July	\$16,000	\$16,000	\$32,000	Waste Management
Summer Concert Series	\$8,000	\$8,000	\$16,000	Waste Management
Holiday Tree Lighting	\$8,000	\$8,000	\$16,000	Waste Management
Total	\$32,000	\$32,000	\$64,000	Waste Management

## City Match to Waste Management Donation

<b>Community Event</b>	<b>2019</b>	<b>2020</b>	<b>2019-2020</b>	<b>Source</b>
4 <sup>th</sup> of July	\$16,000	\$16,000	\$32,000	One-Time General Fund
Summer Concert Series	\$8,000	\$8,000	\$16,000	One-Time General Fund
Holiday Tree Lighting	\$8,000	\$8,000	\$16,000	One-Time General Fund
Total	\$32,000	\$32,000	\$64,000	One-Time General Fund

## 2019-2020 Tourism Budget

The Tourism Program is funded by the Lodging Excise Tax collected from one percent of 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 also provides staff support to the Tourism Development Committee (TDC) which acts as the Lodging Tax Advisory Committee and whose role is to provide recommendations on the use of the lodging tax funds and help guide Tourism Program priorities.

The Tourism Development Committee (TDC) recommends continuing the base budget approved for 2017-2018 with the following changes to the 2019-2020 Explore Kirkland Tourism Program budget for the following projects and activities:

### Explore Kirkland Additional Staffing - \$53,429

The base budget includes .31 FTE Special Projects Coordinator staff. An additional 9 hours per week (temporary .23 FTE) was approved with one-time funding in the 2017-2018 Budget. For the 2019-2020 budget, the Tourism Development Committee (TDC) requests that the .23 FTE one-time funded staff support be increased to 10 hours or (.25 FTE) for Tourism staff. This temporary service increase is scheduled to end December 31, 2020. Funding for the additional hours is available from Lodging Tax revenue.

### Explore Kirkland Website - \$60,000

The Explore Kirkland Tourism Program website ([www.explorekirkland.com](http://www.explorekirkland.com)) was last redesigned in 2011. The average lifespan of a website is less than three years due to many factors but most applicably: design trends, functionality on commonly used devices, content management system upgrades and to increase search traffic rankings and conversion rates. The TDC is recommending \$60,000 of one-time funding for a website redesign. Funding is available from Lodging Tax reserves. Current lodging tax reserves are \$305,306. The City's Reserve policy for the Lodging Tax Fund states that 50% of the previous year's income should be held in reserve, leaving \$245,306 of reserves accessible to invest in programs. With a conservative 1% increase in income budgeted, these two service packages assume a \$60,000 draw down from reserves over the biennial.

## **Tourism Outside Agency Funding**

The Tourism Development Committee also recommends continued funding of \$60,000 for outside agencies producing tourism events. Staff requested applications for funding in June, 2018 and received 25 applications for funding totaling \$186,400. The TDC met on August 23, 2018 to hear presentations from the applicants. The TDC met again on October 4, 2018 to make their final recommendation. The TDC uses the following criteria to rate applications:

### **Criteria:**

In addition to State requirements, the TDC has identified the following criteria that was used in evaluating and ranking the applicants.

#### 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.

The scores were tabulated and the totals shared with the group. The Committee then determined levels of funding based on those scores and criteria.

The Committee voted unanimously to recommend the distribution of \$60,000 tourism funds to organizations producing events listed on the following page which includes funding for several new events.

## 2019 Tourism Grant Funding Recommendations

<b>Project</b>	<b>2018 Approved</b>	<b>2019 Requested</b>	<b>2019 Recommended</b>
Junior Softball World Series	\$11,000	\$11,000	\$10,000
Kirkland Uncorked	\$5,000	\$15,000	\$4,000
Celebrate Kirkland 4 <sup>th</sup> of July	\$4,500	\$11,000	\$2,000
Kirkland Oktoberfest	\$5,000	\$21,500	\$4,000
Don Felder (formerly of the Eagles)	-	\$3,500	\$3,000
7 Hills of Kirkland	\$3,000	\$10,000	\$3,000
Kirkland Classic Car Show	\$4,000	\$5,000	\$4,000
Kirkland Haunted House	-	\$4,000	\$4,000
SIFF Kirkland	\$5,000	\$10,000	\$4,000
Kirkland Winterfest	\$4,500	\$10,000	\$1,500
Totem Lake Arts Fair	-	\$10,000	\$1,000
Kirkland Artist Studio Tour (KAST)	\$4,500	\$8,100	\$4,000
Kirkland Community Musical	-	\$5,000	\$1,000
Kirkland Wine Walk	\$3,000	\$3,500	\$2,000
Mother's Day Half Marathon	-	\$2,000	\$2,000
Kirkland Summerfest	\$5,000	\$21,500	\$3,000
12Ks of Christmas	-	\$3,500	\$2,500
In Concert for Cancer	\$2,000	\$2,000	\$1,000
Kirkland Art Walk	\$1,000	\$2,000	\$1,000
StoryBook Theatre & Summer Teen Show	\$1,000	\$5,000	\$1,000
Cubana Be Cubana Bop	\$1,000	\$3,000	\$1,000
Kirkland Summer Concert Series	-	\$3,000	\$1,000
Seattle Refined Television Production	-	\$5,000	-
Kirkland Cow & Coyote Attire	-	\$1,800	-
Business District Beautification (project withdrawn)	-	\$10,000	-
<b>Total Outside Agency Funding</b>	<b>\$59,500</b>	<b>\$186,500</b>	<b>\$60,000</b>

## 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 2019 and 2020. Tourism funding is recommended for 2019 only; however, the 2020 budget includes the recommended allocation of \$60,000 to be distributed in 2020.

### 2019–2020 Funding Requests and Recommendations

<b>Source: General Fund</b>	<b>2017–2018 Approved</b>	<b>2019–2020 Requested</b>	<b>2019–2020 Recommended</b>
Partner Agency–Ongoing	410,000	410,000	410,000
Partner Agency –One-time	100,000	100,000	100,000
Special Events (City Portion Only)	64,000	64,000	64,000
<b>Subtotal General Fund</b>	<b>574,000</b>	<b>574,000</b>	<b>574,000</b>

### 2019 Funding Requests and Recommendations

<b>Source: Lodging Tax</b>	<b>2018 Approved</b>	<b>2019 Requested</b>	<b>2019 Recommended</b>
Tourism Funding	60,000	186,500	60,000

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