

Lean Program Proposition:

Kirkland Community Currency, Tourism and Shop Local Kirkland

July 16, 2021 - mrc

Problem Statement

As a result of the COVID 19 global pandemic, hotels in Kirkland suffered significant losses as stay at home orders and social distancing restrictions all but eliminated business and leisure travel from Feb, 2020. The pandemic also severely negatively impacted the sales and cash flow of Kirkland's small businesses, warranting targeted intervention to stimulate recovery to entice visitors to stay and spend in Kirkland.

Solution

City staff are proposing the creation of a tourism and 'shop local' incentive program to encourage overnight hotel stays and consumer spending at local businesses through a Community Currency program for Kirkland. This proposal aligns with the stated mission of the Kirkland Tourism Program to attract overnight visitors from 50 miles away or more and leverages the ShopLocalKirkland.com platform and initiative to drive spending to local businesses.

Value Proposition

The proposal leverages the successful content, model and platform of the City of Redmond's "Geek Out Gold" community currency program, which in a two-month period delivered return on investment of 400%, returning \$250,000 in economic benefit on an initial LTAC investment of \$50,000¹ in the currency. The program offers long-term potential for incentive marketing to support local tourism and local businesses.

How it Works

Staff recommends a 3-months duration per roll out. A shoulder season launch is also recommended. Please see pages 4-5, *How the Program Works* on the attached PDF "OneEastside: Eastside Regional Tourism Partnership" presentation (Attachment A).

Approvals & Process (general)

1. TDC decision regarding participation and allocation of LTAC funds for currency creation
2. TDC recommendation of use of additional City/ARPA funds (if desired)
3. Staff identification/recommendation of one-time start up and annual operating funds
4. Identification of appropriate fiduciary
5. Staff memo to City Manager
6. Staff memo to City Council
7. City Council discussion and vote August 4th, 2021

¹ The program creation, administration and reporting of the "You Stay We Pay" Geek Out Gold initiative in Redmond is not reflected in the \$50,000 seed investment, as the initiative was managed by Bullseye Creative in the scope of the company's contracted services as the tourism promotions consultant to the City of Redmond.

8. Procurement process completed with a creative consultant
9. Program initiation

Opportunities to Participate:

- 1) Kirkland Only Model: Create a stand-alone Kirkland version of what Redmond has done with “Geek Out Gold”. Follow their model for a Kirkland-centric approach. Currency would be redeemable at Kirkland-based businesses published on the Shop Local Kirkland platform and registered with the currency program;
- 2) Regionalist: Join a proposed regional effort which expands what exists in Redmond and grows the initiative to include eastside cities who contribute initial investment according to ability/desire. Community currencies, branded for and issued in each City, are redeemable at *any* participating business of cities participating in the program. Kirkland currency is distributed to Kirkland hotels for use to attract visitors to Kirkland hotels *only*, but may be spent in other cities.

Costs and Investment Structure

Investment in Currency Certificates

The strategy is to make an initial investment in the currency program, tapping LTAC, City and/or other funding sources (such as ARPA). The seed investment will purchase the initial round of currency to provide to Kirkland-based hotels as a visitor booking incentive.

- **Amount TBD** (Redmond model = \$50,000)

Operating Funding²

Additional funds are needed to stand up and underwrite the administration, hosting platform, business and hotel onboarding, marketing and reporting of the program.

- **One-time \$40,000 approx.** platform development & integration; hotel/merchant onboarding (less if a regional approach is taken). *Note: this amount is likely over-reported for a Kirkland-only model, which could forgo platform modifications.*
- **Annual \$25,000 approx.** marketing and creative; management and reporting. *Note: this amount assumes high-touch services by the creative contractor and could be adjusted downwards depending on workplan allocation.*

Beneficiaries/Stakeholders

A Kirkland community currency program benefits:

- **Kirkland’s hotels:** receive a strong incentive marketing tool at no cost and the direct benefit of increased revenue from new visitor stays;
- **Kirkland local businesses and restaurants** who are a) published on the ShopLocalKirkland.com and b) registered as participants in the community currency program: receive revenues from customers shopping with currency certificates;
- **The Explore Kirkland Tourism Program:** through increased LTAC revenues from hotel stays;
- **Visitors to Kirkland:** who will enjoy ‘free’ spending money in Kirkland;

² These figures are approximate and will vary if a regional approach with other cities is taken.

- **The greater Kirkland community:** who will benefit from increased publicity, tourism dollars, resilient local businesses and neighborhood vibrancy.

Key Resources:

- LTAC and/or other funds for seed investment: Est. \$50,000
- One-time infrastructure funding: Est. \$40,000 +-
- Annual operating funding: Est. \$25,000 +-
- Staff time (CMO, finance, legal, communications): Est. 200 hours
- TDC time: Est. 8 hours
- Shop Local Kirkland business community; Est. 6 hours/ participating business
- Hotel relationships; Est. 10 hours/participating hotel

Key Partnerships

Kirkland-Only Model

- **City of Kirkland**
 - Tourism Development Committee: seed investment (potential); approval
 - City Council: seed investment (potential); approval
 - Staff: tourism, CMO, communications/PR, finance, legal
 - Note: significant staff time may be needed to recruit businesses.
- **Fiduciary Intermediary** (TBD: OneRedmond in regional model)
 - Recipient of seed investment
 - Merchant account holder for third party currency provider (such as Conpoto)
 - Weekly report generation for currency provider merchant account
 - Reimbursement for currency redemption to local businesses (via check or ACH)
 - *Note: WA State gift card laws require validity in perpetuity, meaning a refund mechanism must be in place.*
- **Third Party Currency Provider (such as Conpoto)**
 - Platform configuration, subscription and management
 - Currency creation, administration, tracking, reporting
 - Currency certificate validation
 - Stakeholder dashboard management: Admin Dashboard for participating hotels and businesses, via smartphone app and web browser.
- **Creative Consultant**
 - Program/project lead: program and platform management
 - Reporting and metrics
 - Project and stakeholder management
 - Branding, design, creative, marketing, PR
 - Hotel and merchant onboarding and training
- **Local hotels**
 - Beneficiaries
 - Program promotion and marketing
 - Currency ambassadors

- **Local businesses**

- Beneficiaries
- Program promotion and marketing
- Currency redeemers

Regional Model

Same as above, with the addition of the partner cities

Stakeholder Relationships

City staff will project manage the City's participation, approvals, investment, fiduciary involvement and liaise with the creative consultant on program initiation, hotel and merchant recruitment and onboarding, program management, customer relations, community relations, community marketing, problem solving, reporting to City leadership and stakeholders and marketing via City channels. City staff will take the lead on business and hotel recruitment, leveraging the Shop Local Kirkland platform.

Creative consultant partner or agency will lead program initiation, design, platform and dashboard integration, currency provider relationship, City staff relationships, business and hotel onboarding and software training, creative, collateral, launch, publicity and marketing, analytics and metrics, reporting, troubleshooting, problem solving, customer and stakeholder relations.

COMMUNITY CURRENCY MODELS

Redmond “Geek Out Gold” (\$50,000 Initial Investment)

- \$50,000 seed investment of LTAC funds to create currency (dollar pegged)
- \$50K Currency distributed to 11 hotels to give away to visitors
- Visitors booking 2-night stays receive \$100 in ‘gold’
- Visitors booking 1-night stay receive \$25 in ‘gold’
- Metrics: In the first two days, one hotel reported booking 36 visits; a second reported booking 32; a third reported booking 30
- \$50,000 redeemed at participating local businesses for goods/services in 2 months at estimate 1.5% spend rate
- OneRedmond is the fiduciary 501c3
- Bullseye Creative created and rolled out the program. Bullseye is the consultant agency in charge of tourism for Redmond for the past 18 years.
- Bullseye budget is partially paid from LTAC, partially paid from City of Redmond

Sector Beneficiary	Uptake	Economic Benefit
Local businesses	1.5 x spend rate (est.)	\$ 75,000
Local hotels	1400 room nights @ \$125 per night avg	\$ 175,000 *
TOTAL	400% ROI	\$ 250,000

*Average nights’ stay = 2.9 nights so benefit may be more

Glenwood Springs, CO, Glenwood Gold (\$100,000 initial investment)

- Used CARES Act funds received from the County to support it