

BELLEVUE-REDMOND TOURISM PROMOTION AREA ADVISORY BOARD



Bellevue Botanical Gardens



Community Development

September 13, 2023



Community Development

Agenda

Agenda

Wednesday, September 13, 2023, 9 am

Bellevue-Redmond Tourism Promotion Area Advisory Board
Special Meeting
City of Bellevue, WA

1E-113 or Zoom meeting

The Bellevue-Redmond Tourism Promotion Area Advisory Board (TPA Advisory Board) meetings are conducted in a hybrid manner with both in-person and virtual options. You may attend the meeting:

- In-person
- By calling (253) 215-8782 and entering Webinar ID: 871 9685 1831
- www.zoom.us and entering Webinar ID: 835 7514 8619 Password: 480886

<https://cityofbellevue.zoom.us/j/87196851831>

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| 1. CALL TO ORDER | 9:00 am |
| The Chair will call the meeting to order. | |
| 2. APPROVAL OF AGENDA AND MINUTES | 9:00 – 9:10 |
| A. The Chair will ask for approval of the agenda. | |
| B. Approval of minutes | |
| 3. ORAL COMMUNICATIONS | 9:10 – 9:20 |
| The time allowed for Oral Communications shall not exceed 30 minutes. Persons wishing to speak will be called to speak in the order in which they signed in. Speakers will be allowed to speak for three minutes. Additional time will not be allowed unless the Chair or a majority of the Commission determines to allow additional time. | |
| 4. ACTION, DISCUSSION, AND INFORMATION ITEMS | |
| A. Action – Annual Budget and Strategic Plan | 9:20 – 9:35 |
| B. Info – Future Changes to Collection Exceptions | 9:35 – 9:55 |
| 5. COMMISSION QUICK BUSINESS | 9:55 – 10:55 |
| Next meeting dates and times. | |
| 6. ADJOURNMENT | 11:00 am |
| The Chair will adjourn the meeting. | |

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TPA ADVISORY BOARD MEMBERS

Caroline Dermarkarian (Chair)

Wade Hashimoto (Vice Chair)

Melody Lanthorn
Cassandra Lieberman
Kim Saunderson
David Nadelman
Rocky Rosenbach

STAFF CONTACTS

Lizzette Flores, Cultural Tourism Specialist, 425-452-4869

Lorie Hoffman, Arts Manager, 425-452-4246

Manette Stamm, Arts Program Analyst, 425-452-4064



Community Development

Minutes

BELLEVUE-REDMOND TOURISM PROMOTION AREA ADVISORY BOARD
SPECIAL MEETING
MINUTES

August 29, 2023
4:30 p.m.

Bellevue City Hall
Room 1E-113 / Virtual

MEMBERS PRESENT: Chairperson Dermarkarian, Wade Hashimoto, Melody Lanthorn, Cassandra Leiberman, David Nadelman, Rocky Rosenbach, Kim Saunderson

MEMBERS REMOTE: None

MEMBERS ABSENT: None

STAFF PRESENT: Manette Stamm, Lorie Hoffman, Lizzette Flores, Community Development Department

OTHERS PRESENT: Brad Jones, Jane Kantor, Kristin Gladfelter, Meredith Langridge, Visit Bellevue; Kristina Hudson, OneRedmond

MINUTES SECRETARY: Gerry Lindsay

I. CALL TO ORDER

The meeting was called to order at 9:00 p.m. by Caroline Dermarkarian who presided. All members were present.

2. APPROVAL OF AGENDA AND MINUTES

A. Approval of Agenda

Motion to approve the agenda was made by Wade Hashimoto. The motion was seconded was by Melody Lanthorn and the motion carried unanimously.

B. Approval of Minutes

Motion to approve the August 17, 2023, minutes as submitted was made by David Nadelman. The motion was seconded was by Wade Hashimoto and the motion carried unanimously.

3. ORAL COMMUNICATIONS – None

4. ACTION, DISCUSSION AND INFORMATION ITEMS

A. Action – Advisory Board Member Application Review

David Nadelman asked if there were only a single opening on the board. Lizzette Flores confirmed that was the case.

Lizzette Flores said there were two possible options. The first was to approve the application from Rashed Kanaan and recommend it to the City Manager for appointment. The second was

to not approve the application. The staff recommendation was to approve the application. If approved, Rashad Kanaan would represent Redmond.

A motion to approve the application was made by Cassandra Leiberman. The motion was seconded by David Nadelman and the motion carried unanimously.

B. Info – Visit Bellevue

Brad Jones, executive director of Visit Bellevue, noted that many years of planning and hard work have gone into establishing a TPA for Bellevue. To be at the moment of executing additional programming for tourism promotion and development is great. Bellevue is a vibrant and growing city and sharing that story with the rest of the world and raising awareness and visibility to the city will advance the community's shared values and will have a positive economic impact.

The organization's strategic plan is called the Bellevue Destination Development Plan. Visit Bellevue is Bellevue's destination management and marketing organization, known in the industry as a DMO. The organization is an operating division of the Bellevue Convention Center Authority, which is organized as a public development authority, or PDA. The base organizational funding comes from a portion of the city's lodging tax. Visit Bellevue executes as a partnership organization, which means businesses and stakeholders are not charged any membership dues. The organization is inclusive of all who wish to participate. The mission is to stimulate economic growth and development in Bellevue's tourism economy and to inspire unique and memorable visitor experiences.

Visit Bellevue operates under an advisory board model comprised of 22 advisors representing important stakeholder segments such as lodging, restaurants, retail, arts and culture, economic development and community members at large. Specific tourism councils have been formed to help develop, engage and recommend programs and strategies relating to the organization's mission and priorities. The councils include tourism development, festivals and events, multicultural tourism, regional tourism and culinary tourism. The professional staff of Visit Bellevue are organized with an executive and three departments, each with directors overseeing their respective staff and programs. Strategically, overhead is kept very low and some of the work is executed through specialized agencies that act as an extension of the staff on an ongoing basis.

Successful industry segments in growing communities need a shared understanding and commitment, with a sound, passionate and active strategic plan. In 2016 the city sought to improve its ability to attract overnight visitors and bring in new businesses by engaging Resonance Consultancy to develop the Bellevue Destination Development Plan, which serves as a strategic roadmap for future priorities, programs and success. Implementation began in 2018 with the objective of organizing, growing and professionalizing Visit Bellevue and the industry to establish a competitive destination program to grow and enhance the existing visitor economy and environment within Bellevue. Resonance brought together the industry and stakeholders to establish a situational analysis of the needed priorities to establish a forward-looking vision for Bellevue tourism and to set forth a vision for those plans, actions, programs and activities.

Visit Bellevue and the city have made substantial achievements in the implementation of the priorities. The Covid pandemic interfered, but the mission, goals and priorities have remained steadfast. Shared community values and industry support will drive the programs to new levels. Collectively, the intent is to update the Bellevue Destination Development Plan in 2024. Investing sustainable and dedicated TPA funding together will lead to optimizing and developing Bellevue as a best in class visitor destination while increasing market share and

position. Some of the existing new priorities on the horizon include gaming and e-sports, culinary tourism, cultural tourism, performing arts and entertainment, growing nightlife opportunities, and transportation and connectivity in the tourism space. Tourism district development and support and development of the Grand Connection is very important.

Jane Kantor, director of destination sales, explained that the team is comprised of dedicated sales and client service professionals who are focused on highlighting Bellevue as a destination that is best in class and poised to bring additional group and event business to Bellevue to maximize the economic impact. Destination sales is a broadened scope of convention sales. The division prospects and contracts group and event business ranging from corporate, tech, and social, military, education, religious and fraternal (SMERF) groups. The additional programming will allow for contracting from new verticals such as events, festivals, incentives, cruise, e-sports and business travel. With the established best-in-class infrastructure using CRM of Simpleview, and prospecting with tools such as Knowland and EmpowerMint, the TPA investment can be used for more needed programming, making the city more competitive with other destinations and putting event planners face-to-face with the collective sales team in Bellevue. Continued accountability via recognizable and trackable performance standards will be critical to a variety of stakeholders. Building and maintaining positive relationships with event owners and planners is also a key to success.

Bellevue is a premier destination and is ideal for group business seeking first-tier amenities within a package of a mid-tier city. Historically, weekend occupancy and the shoulder season of November to February has had lower occupancy. Destination Sales will contribute to improving occupancy during these underperforming time periods to help achieve a citywide occupancy of 70 percent. A key tenet will be to work with contracted groups to ensure an average pick-up of 85 percent of the group block. The economic impact of each additional overnight attendee, the additional spending of each consumed room is approximately \$1,600.

Through proactive prospecting, building new relationships, trade shows representation and dynamic site visits, the Destination Sales team will contribute 65,000 contracted room nights by the end of 2024 and generate 300,000 room-night leads by the end of 2024.

Economic impact is extremely important to any destination. Maximizing the impact of each group and event room consumed will require exploring, developing and deploying resources to build a solid infrastructure to deliver sales and services to each meeting planner and event owner. Reducing the friction for meeting professionals to contract rooms and engage attendees will be paramount to success and will require a comprehensive and coordinated visitor experience package.

Marketing and selling Bellevue with a regiment of regular and consistent sales calls and expanded trade shows, along with conducting two annual sales missions, will put Bellevue before many qualified planners. Having the expanded resources for bringing more qualified meeting planners and meeting event professionals in-market for a rich site visit is key to booking more business, and traditionally has led to a conversion of 70 percent. Deploying a supportive paid marketing campaign for destination sales across multiple channels, such as video, social and email, will bring needed awareness and will position Bellevue at the nexus of where meeting planners find new destinations.

Destination Sales will work closely with the hotel and venue sales teams to work as an extension of their sales staff. The additional TPA programming will help with contracting more room nights and maximizing the economic impact of each contracted room.

Director of Marketing and Communications Kristin Gladfelter said the department has a 360 approach to reaching and influencing travelers who may know about Bellevue or who are just

learning about the destination. The intent is to position Bellevue as a premier destination to the world via comprehensive approach, including a powerful website, content marketing, public relations, an engaging social media presence, and paid media aimed at reaching travelers early on in their discovery and search planning phases. In total, the approach is referred to as intercept marketing, a synergistic approach that works to inspire visitors and to build awareness and positive perceptions of Bellevue.

The core marketing and communication programs can be broken into three groups. With regard to marketing, the first paid media campaign was launched in 2022. The current Raise Your Vue campaign is being updated with seasonal updates to include a dynamic display on the META platform, which optimizes based on user preferences and demographics. The always-on paid search, programmatic and video campaign programs have met with continued success.

The second group is public relations and communications. Launched in July 2023 with partners Madden Media, the program includes a mix of elements, including active media pitches, quarterly newsletters, media relations, media monitoring and the setting up of familiarization tours known as FAMS. Three FAMS are being worked on for the month of September, and more are on the horizon for the holiday season. The first-ever out-of-market media dinner is planned for the first quarter of 2024 in Los Angeles. The visitor data suggests that the highest value domestic visitors in terms of spending comes from southern California. The concentration of media in the market makes Los Angeles a natural choice.

The third group involves overseas marketing and seeks to position Bellevue worldwide. An active search is under way for market representation for an initial six-month pilot program. Proposals from potential partners are being evaluated, and opportunity markets in Asia are being identified. The new program will include organic and paid social media as well as traditional public relations and FAMS.

The division has very ambitious goals for each category. The goals relative to public relations for 2025 include achieving a hundred pieces of earned media with overall impressions reaching 65 million, and a very achievable \$750,000 in media value. The goals pertaining to website and social media include doubling traffic in 2025 to 410,000 unique visitors, and achieving a benchmark of ten million impressions on social media with over 200,000 engagements and 200,000 click-throughs.

Meredith Langridge, director of Visitor Experience, pointed out that most destination management organizations focus primarily on sales and marketing. Because of the TPA, that can be taken a step further to include the visitor experience. In additional internal work, the work is being brought to the partners. Meetings are planned with Intercontinental once or twice monthly until December to get them trained and onboard.

The Visitor Experience division has a number of strategies, goals, tactics and events. The festival and events incubator program is huge and will help bring business to the market and help to full hotel rooms. Bringing new events to the city will help to enhance the visitor experience. Bellevue is a culinary city and there will be a focus on continuing to build that storytelling. Committees are being formed to work with chefs and people who know about culinary events. Multicultural tourism is being looked into and committees have been formed to address that genre as well. There is also a focus on how people travel currently.

The TPA will help build on the notion that Bellevue needs more tourists. Hoteliers are mostly unanimous in calling for being able to offer more tours both mid-week and weekends, and on an ongoing basis. That evokes the need for a transportation system to accommodate those

tourists, and to that end 2024 will see exploration in how to fund programs or a Bellevue-centric tour agency to offer tours on an ongoing basis.

Brad Jones said Visit Bellevue is committed to delivering quality for the city of Bellevue. The strategy extends beyond the creation of exceptional programming and incorporates having access to best-in-class data and research to inform efforts on an ongoing basis. The organization has also invested in state-of-the-art tools and insights to measure return on investment and help realize the ambitious objectives. The platform includes destination intelligence and empowers the destination management organization to strategize effectively, to measure impact accurately, and to efficiently fulfill fiduciary responsibilities. Some of the insights include visitor spending data, visitor origin data, destination sales data, consumer demographics, competitor info and insights, lodging and hotel geolocation data, retail spending, and festivals and events impacts. The dashboard is shared with partners and stakeholders on an ongoing basis, and discussions about the data are welcomed.

There are agency relationships that Visit Bellevue brings to the table. Overhead is kept low by working through the best-in-class agencies. Having an effective and connected CRM and CMS system is a basic building block to the organization's infrastructure. Visit Bellevue partners with Simpleview for those systems. Simpleview provides the data platform and is connected and integrated to everything from sales marketing to communication and administrative programming, as well as to the partners and distribution channels. For brand management, creative marketing, graphic design and paid media, a partnership is in place with Medium Giant, a full-service agency with needed support services. For destinations effectively telling Bellevue's story to the world, and developing impactful content, the partner agency is Madden Media which is focused solely on destinations like Bellevue. A highly qualified agency for overseas representation is actively being sought.

The organization utilizes standard calendar year activity and normal arrangements on programming and campaigns, as well as a quarterly seasonal approach, working a minimum of three to four months in advance on strategy and planning ahead of real-time delivery. The budget assumptions use 2022 as a basis and they were established based on the hotel occupancy being the same as that year. TPA fees are \$2.50 per room per night, a somewhat conservative approach. The 16-month period anticipated collections of just over \$3.9 million after Department of Revenue and legislative authority fees of one percent and five percent respectively are deducted leaves a net revenue of just over \$3.7 million. The destination sales programs are budgeted at \$925,000. Marketing and communications are planned for just over one million. Tourism development programs are scheduled for \$921,000. Festivals and event sponsorships and developments are slated at \$305,000. The administrative and research line item is \$134,000, including the only administrative fee picked up by the TPA budget totaling \$5000 per month to the Bellevue Convention Center Authority to cover half of the office, rent, IT, finance and administrative costs. The organizational current and ramped up staffing will be covered in total by the base funding from the lodging tax. A ten percent contingency fee has been built in to guard against any lower than anticipated months and to build toward a reserve fund of \$400,000 over the next 16 months.

Kim Saunderson asked if the market share is based on destination management organization's in cities of similar size. Brad Jones said the market is predominantly considered to be King County. That is relevant in consumer-facing verticals. Convention and meetings is different and looks at a competitive set of competing destinations. With King County as the primary market, market share is measured in terms of overnight visitors and lodging revenues on an ongoing basis.

Kristina Hudson, chief executive officer of OneRedmond, explained that the mission of the organization is to foster a thriving economic development. Tourism is fully aligned with the

broader purpose of creating a thriving, vibrant and sustainable economy. OneRedmond's hotel and tourism committee supports programs that foster new business that drives overnight stays. The committee is laser-focused on supporting the tourism and hotel industry in Redmond. The committee includes a representative from every hotel in the city, and the committee is committed to collaborating with all stakeholders in working toward the adoption of policies that will support success.

Redmond has not previously had an external director marketing organization representing the interests of the lodging and tourism community. Rather, the city itself has been operating as the default destination management organization under the brand Experience Redmond using LTAC funding. OneRedmond is the current organization representing Redmond's lodging establishments.

The initial work of the organization is focused on master planning for Redmond's tourism program with the goal of clarity and unity on Redmond's tourism program vision and the coordination that will be necessary to identify and win opportunities for Redmond tourism. The holistic body of work will also include contracted sales assistance and identifying and capitalizing on any opportunities as they are discovered. The list of strategic imperatives include the development of a master plan; data collection tools; destination development strategies; destination sales program; advertising, marketing and public relations; stimulating growth in the Redmond tourism sector; and corporate visitation programs; and building a reserve fund.

Given that Redmond is starting at the beginning, 2023 will be a building year. The development of the master plan will take the majority of the time. The projected revenues and expenditures are a little over \$1.1 million in the various categories as directed by state law on TPA funding. The general promotion of tourism has a line item of \$54,000. Advertising, marketing and public relations is budgeted for a little over \$70,000. Tourism development has a little over \$100,000. Research and data has a budget of just over \$200,000. Building a reserve is of substantial importance and thus is budgeted at almost \$560,000. A ten percent contingency fund is built into the budget as well at just over \$117,000.

Cassandra Leiberman asked what base year was used in building the budget, and Kristina Hudson allowed that it the 2021-2022 numbers were used.

Caroline Dermarkarian noted that the Bellevue budget has a department of revenue fee of one percent, a line item not shown in the Redmond budget. Kristina Hudson said that fee and the legislative fee is included in the budget.

Melody Lanthorn noted having had a hand in developing the budget for OneRedmond but asked what the difference is between the reserve funds and the contingency funds. Kristina Hudson said the reserves are funds set aside to address unforeseen circumstances, like the pandemic, and for other programming opportunities. The contingency fund is used only if the budget numbers are off.

D. Info – Strategic Plan and Budget

Lorie Hoffman shared that Bellevue staff will confirm the budget numbers with the Department of Revenue and the city's internal forecasting. The numbers likely will be close to those presented. It will be up to the Board to determine what the strategic plan and the budget will be. The Board can choose to rely heavily on the information presented, or to voice different opinions. Staff will take into account the Board comments as well as the presentations from Visit Bellevue and OneRedmond and will present at the next meeting a finalized strategic plan and budget to be presented to the City Council. The document will be

high level and will focus on the big buckets rather than ground-level workplans or contactor scopes of work. Each bucket will include example programs. While the budgets between the two zones might be different, particularly in regard to the percentage breakdowns, the buckets will be kept similar for each zone. The document to be presented to the Council will be a single document with a budget and a strategic plan, but it will be broken down by the two zones.

Cassandra Leiberman pointed out that there are some exemptions to the fee, such as for longer stays, and noted that that the exemptions were not factored into the numbers. Lorie Hoffman answered that the exemption numbers are fairly de minimis. Even so, they will be looked at when the city does its forecasting.

Wade Hashimoto asked if the percentages for the various buckets will be kept whole should the budgets be exceeded during a monumental year. Lorie Hoffman said the percentages are only for discussion purposes as the final budget forecasts are locked down. The finalized budget numbers will be solid. Excess funds generated during a blockbuster year would simply be held for distribution in a following year. The budget process will be repeated between March and June of 2024.

Melody Lanthorn observed that the buckets are fairly similar for the two budgets, except that there are things in the Redmond proposal that do not exactly track with the Bellevue proposal. One such line item in Redmond is promotion tourism, which is not clearly shown in the Bellevue budget. Lorie Hoffman said promotion tourism could be thought of as marketing and communication. Staff may choose to unify the language to make things clearer while leaving the actual work products the same for both organizations.

Melody Lanthorn noted the Redmond proposal has a bucket for reserves, which the Bellevue bucket does not include. Lorie Hoffman confirmed that for the current proposal. Unifying the buckets could mean that there will be funding in a bucket for one budget but not in the other. The point is ripe for discussion, however.

With regard to the reserve line item, David Nadelman said it typically serves as a rainy day fund. The Bellevue budget includes such a fund under the contingency. Brad Jones said the Visit Bellevue budget includes an ongoing contingency. At the end of the budget cycle, any excess could become a reserve fund. Lorie Hoffman added that to some degree the issue is reflective of the difference places the two different zones are in. Bellevue has a very robust destination marketing plan in place already, while Redmond is engaged in developing its plan. Holding a larger amount in reserve gives space to spend those funds once there is a plan in place.

Kim Saunderson asked if the idea is to have an identical profit and loss framework even though each city will have its own dollar amounts allocated to the line items. Lorie Hoffman suggested the presentation to Council will be made easier by having a similar structure, even if the distribution with the structure is different between the two zones.

Referring to the Redmond budget, Cassandra Leiberman voiced the understanding that more effort will be put into research and data. The question asked was whether the Board felt comfortable that the line item was sufficient given that down the road it will not be possible to draw from one line item to increase another. Lorie Hoffman said the budget will be contracted.

Kristina Hudson allowed that Redmond is working from the very basics of the building blocks and is looking at the tools needed to get things going. There is a substantial amount in reserves in the proposed budget that could be drawn on if needed. Lorie Hoffman said dipping

into the reserves could happen as early as the next strategic plan and budgeting cycle in mid-year 2024. If such an action is needed prior to the budget cycle, a formal action to amend the budget would be required.

Caroline Dermarkarian asked if the Council will be approving the budget dollar amounts or the percentages. Lorie Hoffman said the Council will get actual dollar amounts, not the percentages, and those actual dollar amounts will be reflected in the contracts with the management organizations. Ultimately there will be an annual budget. The proposed 16-month budget is intended to account for the short amount in 2023. The interlocal agreement calls for quarterly meetings of the Board at which the body likely will want to hear status updates from the two contracted organizations.

5. BOARD QUICK BUSINESS

A. Time for Next Meeting

There was consensus to schedule the next Board meeting for September 13.

6. ADJOURNMENT

Caroline Dermarkarian adjourned the meeting at 10:00 a.m.



Community Development

Action & Discussion

Action

Wednesday, September 13, 2023, 9 am

Bellevue-Redmond Tourism Promotion Area
(TPA) Advisory Board
Special Meeting
City of Bellevue, WA

1E-113 or Zoom Meeting

Annual Budget and Strategic Plan

At today's meeting, staff will present an annual budget and strategic plan, detailing the use of BRTPA revenue.

Motion: A motion to recommend the annual budget to Bellevue City Council.

BACKGROUND

The Tourism Promotion Area Advisory Board makes recommendations to the City Council regarding the use of revenue from the TPA fee. Once those recommendations are approved by City Council, the process for the daily administration of TPA revenue will begin.

Washington State RCW 35.101.010 concerning Tourism Promotion Areas defines Tourism Promotion as:

RCW 35.101.010 (4) "Tourism promotion" means activities and expenditures designed to increase tourism and convention business, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists, and operating tourism destination marketing organizations.

The Interlocal Agreement between the Cities of Bellevue and Redmond for the Joint Establishment of a Tourism Promotion Area gives additional guidance for revenues in Section X: Use of Revenues for Tourism Promotion. The annual budget presented will adhere to these guidelines, with implementation carried out by Destination Management Organizations (DMOs) Visit Bellevue and OneRedmond.

While revenue will be collected by the City of Bellevue, in adherence to the Interlocal Agreement between the two cities, revenues will be separated by city. Revenue collected by the City of Redmond will be used for tourism promotion in Redmond, and revenue collected by the City of Bellevue will be used for tourism promotion in Bellevue.

STAFF RECOMMENDATION

Staff recommends the approval of the annual budget.

NEXT STEPS

If approved, the annual budget and strategic plan will be presented to City Council at the next meeting.

OPTIONS

Option 1: Approve annual budget and recommend to City Council.

Option 2: Do not approve annual budget and rework budget, recommend alternative budget.

ATTACHMENTS

Attachment A: Annual Budget and Strategic Plan

STAFF CONTACT

Lizzette Flores, Cultural Tourism Specialist
425-452-4869, lflores@bellevuewa.gov

Future Changes to Collection Exceptions

At today's meeting, staff will present on the provisional state of the Bellevue-Redmond Tourism Promotion Area's agreement with the Department of Revenue, ahead of future conversations and action.

BACKGROUND

In February 2023, Bellevue City Council adopted Ordinance 6724 Establishing the Bellevue Redmond Tourism Promotion Area (BRTPA). This ordinance sets the area boundaries for the two zones, rate of charges, and use of revenues, among other things (Attachment B). The ordinance also outlined several exceptions to rate charges, in line with the petition received from stakeholders. Those exceptions or "carve outs" are as follows:

Section 4. Rate of Charges. The charges to be levied on the furnishing of lodging by Lodging Businesses located in the Bellevue-Redmond TPA are contained in the table below;

provided **the charges shall not be imposed on lodging rooms that provide**

- (a) stays for the purpose of temporary medical housing;
- (b) stays by airline crews under contract with Lodging Businesses subject to the tourism promotion charge;
- (c) stays exceeding thirty (30) consecutive days; and
- (d) stays pursuant to meetings, conventions, and event contracts executed prior to the start date of the BRTPA.

The charges to be levied and imposed are as follows:

Classifications	Base Charge (RCW 35.101.050)	Additional Charge (RCW 35.101.057)	Total Charge
Bellevue Zone	\$2.00 per night per stay	\$0.50 per night per stay	\$2.50 per night per stay
Redmond Zone	\$2.00 per night per stay	\$0.50 per night per stay	\$2.50 per night per stay

These exceptions were highlighted by stakeholders as important features early in the Bellevue-Redmond TPA formation process and were in-line with exceptions found in other TPAs around the state. They have been incorporated into the Interlocal Agreement between Bellevue and Redmond, the petition filed by stakeholders, and the establishment Ordinance. After the Ordinance was passed, the Department of Revenue (DOR) flagged a concern over the exceptions and the Bellevue-Redmond TPA was only provisionally agreed to by the Department of Revenue.

Provisional agreement from Department of Revenue

As Bellevue and Redmond were in the process of forming the BRTPA the Dept. of Revenue was concurrently in the process of reviewing their position on exceptions or carve-outs to TPA collections across the state. The applicable state law for TPAs is RCW 35.101 and the only exception specifically mentioned is in RCW 35.101.055:

RCW 35.101.055 - Lodging charge—Exemption for temporary medical housing.

The lodging charge authorized in RCW 35.101.050 does not apply to temporary medical housing exempt under RCW 82.08.997.

Following its own internal review process, the DOR now interprets RCW 35.101.055 as the *only allowable* exception to collection and will not allow additional exceptions to be determined by individual TPAs. Since the timing of their internal review process coincided with the BRTPA's formation the Dept. of Revenue provisionally approved the BRTPA for 18 months: July 1, 2023-December 31, 2024, and that date is reflected as the end date for collection for our current DOR contract.

During this provisional agreement period, DOR will administer the BRTPA collection process and remit funds to the City of Bellevue as the Legislative Authority. Within this window of time we will also need to determine a course of action to bring the BRTPA in line with the new interpretation of state law. This could be done by 1) requesting an update of RCW 35.101.055 to allow for additional exceptions, 2) amending the BRTPA establishing documents to remove additional exceptions beyond temporary medical housing, or 3) other solutions not yet identified.

NEXT STEPS

City staff will prepare further analysis and recommendations at a future meeting. Advisory Board members should engage with other TPA stakeholders on the issue to best serve in the capacity of a stakeholder representative.

ATTACHMENTS

Attachment B: Ordinance 6724 – Establishing Bellevue-Redmond Tourism Promotion Area

STAFF CONTACT

Lorie Hoffman, Arts Manager
425-452-4246, lhoffman@bellevuewa.gov



Community Development

Attachment A

Bellevue-Redmond Tourism Promotion Area 2023-2024 Budget and Work Plan

Background

Washington State Legislature has authorized local governments to establish Tourism Promotion Areas (TPAs), recognizing the significant impact that the tourism industry can have region's economy. The Bellevue-Redmond TPA, established in 2023, aims to boost local economy through tourism. Under Washington state ordinance no. 6724, lodging businesses in Bellevue and Redmond will impose a \$2.00 base charge and a \$0.50 additional nightly charge.

The revenues from each of the two established zones, a Bellevue zone and a Redmond zone, will be collected applied toward tourism promotion in each respective zone. The City of Bellevue, which has been designated as Legislative Authority, will keep revenues collected from respective zones and deposit them into separate accounts.

Management

In accordance with the Interlocal Agreement between the two cities, the Advisory Board has recommended that the management of the BRTPA be handled by destination management organizations (DMOs), whose expertise in each respective city will be best suited to develop tourism in the Bellevue and Redmond zones. Visit Bellevue and OneRedmond have been recommended as the designated DMOs for the BRTPA.

First year budget

Under the interlocal agreement for the joint establishment of the BRTPA, the Advisory Board is required to develop and recommend an Annual Budget, to be submitted to the legislative authority by no later than July 30th of each year, with the exception for the first year of the BRPTA, during which the annual budget shall be submitted no later than December 31st and will be effective for a 16-month period.

Strategic Work Plan

Allowable uses under Interlocal Agreement

The Interlocal Agreement between the Cities of Bellevue and Redmond for the Joint Establishment of a Tourism Promotion Area gives guidance for revenues in Section X: Use of Revenues for Tourism Promotion, particularly in parts C and D. Below are these guiding excerpts:

C. In accordance with the proposed Petition, the revenues derived from Lodging Charges will be used for Tourism Promotion, which includes, but are not limited to:

1. The general promotion of tourism and convention business within the BRTPA as may be recommended by the Advisory Committee, Redmond, Bellevue or destination marketing

organization or other similar organization with whom the legislative authority shall contract to administer the operation of the BRTPA.

2. Advertising, marketing, public relations, and communications programs designed to attract overnight visitors to, increase consumer demand to, and increase market share to the BRTPA.

3. Tourism development programs, corporate visitation, meetings, conventions, festivals, events programs to promote and increase local tourism resulting in overnight stays within the BRTPA.

4. Tourism and visitation research and data to inform and advance tourism to the BRTPA.

D. The uses described in this section may include payment of administrative costs associated with the operation and management of the BRTPA. The City of Bellevue is authorized to retain charges limited to a total of 5% that is proportional to each zone's revenue for administrative cost recovery of BRTPA management. Reports of staff time and cost shall be presented to the BRTPA advisory board and the City of Redmond.

Currently, 1% of all revenues are being retained by Department of Revenue and are not remitted to City of Bellevue.

Uses

Both Destination Management Organizations have adhered to the allowable uses in the Interlocal Agreement and have created their own areas of focus (“buckets”). We list these below, along with the category under which they may fall, within the Interlocal Agreement.

Marketing and Communications (*Advertising, Marketing, and Public Relations*)

Expenses may include Advertising, Paid Marketing, Public Relations, Trade Shows, Content Development, social media, Collateral, and Professional Agencies.

Destination sales (*General Promotion of Tourism*)

Expenses may include Trade Shows, Sales Missions, Site Inspections, Collateral, Memberships, Marketing, and Communications.

Tourism Development (*General Promotion of Tourism*)

Expenses may include welcome center, visitor services, Tourism development grants, wayfinding & multicultural promotion.

Festivals, Events, and Programming (*Tourism Development Programs*)

Expenses may include festival grants, event sponsorships, convention & meetings sponsorships.

Administration and Research (*Tourism and Visitation Research and Data*)

Expenses may include research, consulting, data collection, & indirect allocation.

Contingency

The contingency budget will cover any unexpected costs that may arise throughout the year.

Reserves

The amounts in the reserve budget are set aside for future use or significant, unexpected events or expenses. Reserves will be held in separate accounts for the Bellevue and Redmond Zones with the Legislative Authority.

Zone Differences

While both zones, Bellevue and Redmond, have similar areas of focus in their budgets, the amounts allotted to each bucket will differ because of the varying tourism needs of the community. For example, while the Redmond Zone is building their reserves as part of their development plan, the Bellevue Zone will not add their reserves at this time, having a robust tourism program already in place. The marketing and communications expenses of the Redmond zone fit in within their destination sales budget.

Bellevue Zone 2023 – 2024 Budget

Projected TPA Revenue (based on 2022 lodging)						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	TOTAL
Projected TPA Collections	\$1,137,000	\$509,000	\$602,500	\$878,500	\$837,000	\$3,964,000
Department of Revenue Fee 1%	-\$11,370	-\$5,090	-\$6,025	-\$8,785	-\$8,370	-\$39,640
Legislative Authority Fee 5%	-\$56,850	-\$25,450	-\$30,125	-\$43,925	-\$41,850	-\$198,200
Total	\$1,068,780	\$478,460	\$566,350	\$825,790	\$786,780	\$3,726,160
Marketing and Communication						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$220,268	\$264,857	\$199,618	\$175,118	\$184,062	\$1,043,923
Destination Sales						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$99,600	\$319,103	\$181,115	\$170,090	\$155,819	\$925,727
Tourism Development						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$276,500	\$232,500	\$273,500	\$96,000	\$42,500	\$921,000
Festivals and events						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$37,250	\$47,897	\$43,263	\$16,500	\$160,200	\$305,110
Administration and Research						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$41,600	\$15,000	\$15,000	\$31,200	\$31,200	\$134,000
Contingency (10%)						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$113,700	\$50,900	\$60,250	\$87,850	\$83,700	\$396,400
Reserves						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
	\$0	\$0	\$0	\$0	\$0	\$0
Total						\$3,726,160

Redmond Zone 2023-2024 Budget

Projected TPA Revenue (based on 2022 lodging)						
	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24 TOTALS	
Estimated Revenue	\$333,535	\$155,193	\$171,545	\$277,813	\$239,370	\$1,177,456
1% DOR Fee	-\$3,335	-\$1,552	-\$1,715	-\$2,778	-\$2,394	-\$11,775
5% Legislative Authority Fee	-\$16,677	-\$7,760	-\$8,577	-\$13,891	-\$11,969	-\$58,874
Totals	\$313,523	\$145,881	\$161,252	\$261,144	\$225,007	\$1,106,807

Marketing and Communication*	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses						\$0
*The Redmond Zone has accounted for their marketing and communication expenses within destination sales.						
Destination Sales	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$4,700	\$8,750	\$3,000	\$3,000	\$3,000	\$22,450

Tourism Development	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$20,000	\$10,840	\$13,500	\$13,500	\$10,500	\$68,340

Festivals and events	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$0	\$0	\$0	\$0	\$0	\$0

Administration and Research	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
Expenses	\$77,868	\$66,000	\$66,000	\$66,000	\$66,000	\$341,868

Contingency (10%)	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
	\$33,354	\$15,519	\$17,155	\$27,781	\$23,937	\$117,746

Reserves	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	
	\$156,761	\$73,940	\$82,626	\$130,572	\$112,504	\$556,403

TOTAL						\$1,106,807
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Community Development

Attachment B

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6724

AN ORDINANCE providing for the establishment of the Bellevue-Redmond Tourism Promotion Area and approving other matters related thereto.

WHEREAS, the tourism industry is a vital and substantial component of the local economy and tourism promotion increases the number of visitors to the region, which in turn increases regional sales supporting the local economy;

WHEREAS, the Legislature of the State of Washington has recognized the importance of tourism promotion and, pursuant to Chapter 35.101 of the Revised Code of Washington (RCW), as it now exists and may hereafter be amended (the "TPA Act"), authorizes cities to establish tourism promotion areas and to levy a tourism promotion charge on the furnishing of lodging on certain lodging business (as defined in the TPA Act, "Lodging Businesses") to fund tourism promotion (as defined in the TPA Act);

WHEREAS, RCW 35.101.010(2)(b) and RCW 35.101.040 allow cities located in a county with a population of one million or more residents to form a tourism promotion area when acting jointly pursuant to an interlocal agreement under Chapter 39.34 RCW (the "Interlocal Cooperation Act");

WHEREAS, pursuant to the TPA Act and the Interlocal Cooperation Act, the City of Redmond (date 1/9/2023) and the City of Bellevue (date 1/19/2023) entered into an "Interlocal Agreement for the Joint Establishment of a Tourism Promotion Area," as it may be amended from time to time (the "Interlocal Agreement"), to, among other things, designate the Bellevue City Council (the "City Council") as the "Legislative Authority" for purposes of the proposed and to-be-formed Bellevue-Redmond Tourism Promotion Area (the "Bellevue-Redmond TPA" or "BRTPA");

WHEREAS, on January 18, 2023, operators of Lodging Businesses, located in the proposed Bellevue-Redmond TPA, presented a petition (the "Initiation Petition") to the City Council to initiate the establishment of the BRTPA;

WHEREAS, the Initiation Petition contained all of the required elements pursuant to RCW 35.101.020;

WHEREAS, after receipt of the Initiation Petition, the City Council passed Resolution No. 10216 on January 23, 2023 (the “Resolution of Intent”), providing notice of its intent to establish the Bellevue-Redmond TPA and setting the time and place for a public hearing to hear protests and receive evidence for or against the formation of the BRTPA;

WHEREAS, following proper notice as required by the TPA Act and the authorization contained in the Interlocal Agreement, the City Council held a public hearing on February 6, 2023; and

WHEREAS, following such public hearing, the City Council, as the designated “Legislative Authority” for purposes of the TPA Act, the Interlocal Cooperation Act, and the Interlocal Agreement, now desires to establish the Bellevue-Redmond TPA as provided herein.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Resolution of Intent and Public Hearing. Pursuant to RCW 35.101.080 and the Interlocal Agreement, the City Council hereby provides the following information:

(a) *Resolution of Intent.* The City Council previously adopted a Resolution of Intent, Resolution No. 10216, on January 23, 2023. The title of the Resolution of Intent is as follows:

A RESOLUTION of the City Council of the City of Bellevue, Washington, the designated “legislative authority” for the proposed Bellevue-Redmond Tourism Promotion Area, pursuant to the Interlocal Agreement for the Joint Establishment of a Tourism Promotion Area, by and among the City of Bellevue and the City of Redmond, providing notice of the intent to establish a tourism promotion area; providing notice that the City Council shall conduct a public hearing on the establishment of a tourism promotion area; identifying the proposed boundaries for the tourism promotion area; identifying the proposed use of revenues generated by the tourism promotion area; identifying the estimated costs for the tourism promotion area; and identifying the estimated charges to be imposed in support of the tourism promotion area, among other matters.

(b) *Public Hearing.* The City Council provided notice of the public hearing as required in RCW 35.101.060, which included publishing the Resolution of Intent in the Seattle Times, a newspaper of general circulation in the cities in which the proposed Bellevue-Redmond TPA is to be established, and mailing a complete copy of the Resolution of Intent to each Lodging Business in the proposed area. Publication and mailing were completed at least 10 days prior to the public hearing. A public hearing was held at 6:00 p.m., or as soon as possible thereafter, on February 6, 2023, in the City Council Chamber, located at Bellevue City Hall, 450 – 110th Avenue NE, Bellevue, WA 98004. At the public hearing, the City Council received comments and testimony concerning the formation of the proposed BRTPA. Protests on the proposed BRTPA were not received from Lodging Businesses that would pay a majority of the proposed charges.

Section 2. Establishment of the Bellevue-Redmond Tourism Promotion Area. In accordance with RCW 35.101.010(2)(b) and RCW 35.101.040(2), the cities of Redmond and Bellevue have executed the Interlocal Agreement required for joint establishment and operation of a tourism promotion area; and the City Council has received the Initiation Petition, adopted the Resolution of Intent, and held a public hearing as required by the TPA Act and the Interlocal Agreement. As the designated Legislative Authority for the proposed tourism promotion area, the City Council hereby establishes a tourism promotion area to be called the “Bellevue-Redmond Tourism Promotion Area”.

Section 3. Area Boundary. The boundaries of the Bellevue-Redmond TPA shall include the incorporated areas of the cities of Bellevue and Redmond as shown on the map attached as “Exhibit A.” The BRTPA shall include two zones: a Bellevue Zone, incorporating the entire area of the incorporated city limits of the City of Bellevue; and a Redmond Zone, incorporating the entire area of the incorporated city limits of the City of Redmond.

Section 4. Rate of Charges. The charges to be levied on the furnishing of lodging by Lodging Businesses located in the Bellevue-Redmond TPA are contained in the table below; provided the charges shall not be imposed on lodging rooms that provide (a) stays for the purpose of temporary medical housing; (b) stays by airline crews under contract with Lodging Businesses subject to the tourism promotion charge; (c) stays exceeding thirty (30) consecutive days; and (d) stays pursuant to meetings, conventions, and event contracts executed prior to the start date of the BRTPA.

The charges to be levied and imposed are as follows:

Classifications	Base Charge (RCW 35.101.050)	Additional Charge (RCW 35.101.057)	Total Charge
Bellevue Zone	\$2.00 per night per stay	\$0.50 per night per stay	\$2.50 per night per stay
Redmond Zone	\$2.00 per night per stay	\$0.50 per night per stay	\$2.50 per night per stay

The Bellevue Zone encompasses those Lodging Businesses located within the area of the incorporated city limits of the City of Bellevue. The Redmond Zone encompasses those Lodging Business located within the area of the incorporated city limits of the City of Redmond.

The charges authorized herein (a) are not a tax on the “sale of lodging” for the purposes of chapter 82.14 RCW, (b) are in addition to the special assessments that may be levied under chapter 35.87A RCW and 67.28 RCW, and (c) are intended for Tourism Promotion.

In accordance with RCW 35.101.057, the “additional charge” shall expire on July 1, 2027; unless petitioned to be removed earlier in accordance with RCW 35.101.130(3).

Section 5. Use of Revenue.

(a) The revenue from the charges collected from the Lodging Businesses located within the Bellevue-Redmond TPA shall be used exclusively for Tourism Promotion services as defined in chapter 35.101 RCW, as it now exists or is hereafter amended, and as clarified in the Interlocal Agreement. Such authorized purposes may include, but are not limited to:

- (i) The general promotion of tourism and convention business within the BRTPA as may be recommended by any tourism destination marketing organization or other similar organization with whom the Legislative Authority shall contract to administer the operation of the BRTPA.
- (ii) Advertising, marketing, public relations, and communications programs designed to attract overnight visitors to, increase consumer demand to, and increase market share to the BRTPA.
- (iii) Tourism development programs, corporate visitation, meetings, conventions, festivals, events programs to promote and increase local tourism resulting in overnight stays in the BRTPA.

- (iv) Tourism and visitation research and data to inform and advance tourism to the BRTPA.

The amount contributed toward Tourism Promotion within Bellevue and Redmond shall be proportionate to the amounts collected from Lodging Businesses operating within each respective city. Included within the scope of Tourism Promotion is the administrative costs associated with the Bellevue-Redmond TPA as allowed by the Interlocal Agreement.

(b) The City Council shall adopt an annual budget for the use of revenues collected from the BRTPA as required by the Interlocal Agreement. The City Council may also contract with one or more destination marketing organization, similar organization, or public entity for operation and management of the BRTPA pursuant to RCW 35.101.130 and the Interlocal Agreement.

(c) Revenues shall be collected, administered, distributed, and managed as provided in the TPA Act and the Interlocal Agreement. The City Council hereby requests the Washington State Department of Revenue to remit all revenues to the City of Bellevue. Any revenues received by the City, and interest earned thereon, shall be deposited by the City in a special revenue fund as provided in the Interlocal Agreement.

Section 6. Modification or Disestablishment of the Tourism Promotion Area. The Bellevue-Redmond TPA may be modified and/or disestablished as provided in the TPA Act and in the Interlocal Agreement.

Section 7. General Authorization. The City Manager, or his/her designees, are authorized and directed to undertake all action necessary and to execute all documents required to carry out the purposes of this Ordinance. All acts taken pursuant to the authority granted in this Ordinance but prior to its effective date are hereby ratified and confirmed.

Section 8. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, then such infirmity shall not affect the validity of the remaining parts of this Ordinance.

Section 9. Effective Date. This Ordinance shall be effective five (5) days after its passage and publication; provided, however, the charges authorized herein shall be effective no earlier than seventy-five (75) days after the City shall have entered into a contract for the administration and collection of such charges with the State Department of Revenue pursuant to the TPA Act.

Passed by the City Council this 13th day of February, 2023 and signed in authentication of its passage this 13th day of February, 2023.

(SEAL)





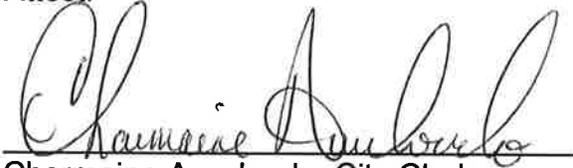
Lynne Robinson, Mayor

Approved as to form:
Kathryn L. Gerla, City Attorney



Brian Wendt, Assistant City Attorney

Attest:



Charmaine Arredondo, City Clerk

Published 2/16/23

EXHIBIT A

