



Memorandum

Date: 10/18/2022
Meeting of: City Council

File No. AM No. 22-155
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol V. Helland	425-556-2107
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DEPARTMENT STAFF:

Planning and Community Development	Seraphie Allen	Deputy Director
Planning and Community Development	Philly Marsh	Planning Manager, Economic Development
Planning and Community Development	Jackie Lalor	Program Administrator, Tourism

TITLE:
Approval of the 2023 Tourism Funding Recommendations

OVERVIEW STATEMENT:
Council is being asked to approve the unanimous recommendation of the Lodging Tax Advisory Committee (LTAC) for allocation of the 2023 Tourism matching grants in the amount of \$154,000 and City Community Events and Cultural Arts Programs allocations in the amount of \$146,000. These grants are paid for from the 1% lodging tax on Redmond hotels and motels through the Tourism Fund.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
Comprehensive Plan, Long-Term Recovery Plan, RMC Title 4
- **Required:**
N/A
- **Council Request:**
N/A
- **Other Key Facts:**
 - The Revised Code of Washington (RCW) 67.28.180 provides authority for cities to adopt a lodging tax.

- The City of Redmond has adopted a 1% lodging tax rate and may invest these revenues into events or programs that attract visitors to Redmond.
- A lodging tax of 1% is collected from overnight stays at hotels located within Redmond and allocates these revenues to the Lodging Tax Fund (“Tourism Fund”).
- As defined by RCW 67.28, the purpose of the Lodging Tax Fund is to increase tourism in Redmond by attracting visitors from more than 50 miles away, especially overnight visitors who stay in Redmond hotels.
- In 2005, City Council approved the distribution of lodging tax funds to be as follows: 50% marketing, 39% city events and arts, 9% grants, and 2% administration.
- Community tourism grants are typically used to fund event marketing, operations of special events, festivals, and/or tournaments.

Criteria: Applications are reviewed against the tourism program fund criteria, which prioritizes:

- Tourism Promotion: attract external visitors and overnight stays
- Benefit to the community
- Innovation
- Overnight stays
- Community support
- Partnerships
- The scale of the project
- Other funding sources and
- New or ongoing funding

Applicant Scoring:

Per Council’s feedback from January 2020 and additional feedback from November 2021, the grant application criteria were broken out and application components that support the criteria were assigned points. Each application received a weighted ranking. However, due to limited funding this year, recommendations were primarily based on past dollars given. In the future, when more funding is available, the intent is to award additional dollars to the higher-scoring applicants. Staff will continue to incorporate Council, LTAC, and community feedback to improve the funding process.

Lodging Tax Fund Performance:

Due to the impacts of the pandemic on the hotel and motel industry, the tourism fund experienced a 66% decrease in 2020. Although there are strong signs of improvement, the fund is not yet projected to fully recover until 2025. Fortunately, an end-fund balance intended for unexpected events is currently around \$800,000 and is being used to help supplement some of this year’s grants.

Staff and Finance worked together to budget \$150,000 for 2023 community grants which is well above the 9% allocated in the fund for these grants. Staff and the LTAC felt the additional fund allocation was necessary to invest in the events that attract tourists back to Redmond. Staff plan to meet with Council in Q1 of 2023 to further discuss the lodging tax fund and to review how the 2022 lodging tax fund performed in the ongoing recovery of the pandemic.

Conflicts of Interest in Recommending Applicants:

Conflicts of interest with applicants are common on this committee due to the state requirement that members must either be an entity for which the tax is charged or an entity that might receive grant dollars. Conflicts of interest are noted in the full scoring spreadsheet. Members were not asked to recuse themselves from the recommendation vote or discussion per the MRSC guidance. However, staff did request that if a personal financial interest was involved, a recusal would be requested. No personal financial interests were present or noted.

OUTCOMES:

Applications Received: The City received 18 external grant applications from non-profit and for-profit organizations and two funding applications from City Community Events and Cultural Arts programming. LTAC recommends funding 17 of 18 community applications that demonstrated alignment with the grant criteria and tourism goals in addition to the City Community Events and Cultural Arts programming.

One event application, the International Stew Festival by OneRedmond Foundation, was not recommended for approval as the application outlined an event concept and not a developed or detailed event plan. The applying organization turned in three other applications for events that were recommended for funding. The organization is aware that one of its applications was not recommended for funding.

The LTAC 2023 tourism grant recommendations include:

Event/Applicant	Estimated Attendance	Estimated Paid Nights	LTAC Recommendations	Recommendation Dollars Per Lodging Night
Crossfire Challenge	22,500	8,400	\$ 30,000	\$ 3.57
PNW ChalkFest	95,000	236	\$ 19,000	\$ 80.51
Crossfire Select Cup	30,000+	4,500	\$ 16,500	\$ 3.67
Ananda Mela	20,000	200	\$ 13,000	\$ 65.00
Cinco de Mayo	10,000	50	\$ 10,000	\$ 200.00
ColorFest (Northwest Share)	8,000	100	\$ 8,000	\$ 80.00
SecondStory Rep	500	30	\$ 8,000	\$ 266.67
USA Gymnastics	750	100	\$ 8,000	\$ 80.00
Vegan Festival (Northwest Share)	8,000	60	\$ 8,000	\$ 133.33
Winter Festival (OneRedmond Foundation)	2,000	40	\$ 7,500	\$ 187.50
Redmond Arts Festival (VALA)	15,000	200	\$ 7,000	\$ 35.00
Vision Grand Prix- Track Cycling (Marymoor Velodrome Association)	3,000	150	\$ 7,000	\$ 46.67
NAMI Youth Mental Health Conference	250	15	\$ 4,000	\$ 266.67
JBMV Junior Take Over (Marymoor Velodrome Association)	1,000	60	\$ 3,000	\$ 50.00
Redmond Wine Walk (OneRedmond Foundation)	300	30	\$ 2,000	\$ 66.67
NAMI Fundraising GALA	150	25	\$ 1,500	\$ 60.00
Simon (OneRedmond Foundation)	300	20	\$ 1,500	\$ 75.00
International Stew Festival (OneRedmond Foundation)	2,000	50	\$ -	\$ -
TOTAL DOLLARS	\$154,000			

39% of lodging funds are allocated for community events and arts programming

CITY Community Events	38,000	250	\$ 100,000	\$ 400.00
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CITY Cultural Arts Programming	15,000	100	\$ 46,000	\$ 460.00
TOTAL DOLLARS	\$146,000			

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
Application window was August 1-16
- **Outreach Methods and Results:**
 - o Application notification via e-mail to past participants
 - o Application window notification via eNews and press release
 - o Application messaging through local partners
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

A total of \$154,000 for matching grants and \$146,000 for City Community Events and Cultural Arts Programming is recommended by the Lodging Tax Advisory Committee by unanimous vote for City Council’s approval.

Approved in current biennial budget: Yes No N/A

Budget Offer Number:

000250 - Community and Economic Development

Budget Priority:

Vibrant and Connected

Other budget impacts or additional costs: Yes No N/A

If yes, explain:

N/A

Funding source(s):

Lodging Tax

Budget/Funding Constraints:

N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
10/4/2022	Committee of the Whole - Planning and Public Works	Review Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
	None proposed at this time	N/A

Time Constraints:

To allow adequate time for applicants to plan appropriately with their available funding, we would like to complete the grant approval process no later than December 1, 2022

ANTICIPATED RESULT IF NOT APPROVED:

If the LTAC recommendation is not approved, proposed events would not receive matching grant funds from the City and may be unable to proceed as planned.

ATTACHMENTS:

- A. Grant Application Recommendations Simplified Matrix Spreadsheet
- B. Grant Application Recommendations Detailed Matrix Spreadsheet
- C. Tourism Fund and LTAC FAQ
- D. Slides
- E. 2023 List of Grant Applicants
- F. [LTAC Meeting Minutes, August 29 <https://www.redmond.gov/AgendaCenter/ViewFile/Minutes/_08292022-969>](https://www.redmond.gov/AgendaCenter/ViewFile/Minutes/_08292022-969)