

# City of Redmond



## Agenda Study Session

Tuesday, April 25, 2023  
7:00 PM

City Hall: 15670 NE 85th St; Remote: Comcast Ch. 21/321, Ziplify Ch. 34,  
Facebook (@CityofRedmond), Redmond.gov/rctvlive, or 510-335-7371

## City Council

*Mayor  
Angela Birney*

*Councilmembers  
Jessica Forsythe, President  
Vanessa Kritzer, Vice President  
Jeralee Anderson  
David Carson  
Steve Fields  
Varisha Khan  
Melissa Stuart*

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Site: <http://www.redmond.gov/CouncilMeetings>

FOR ASSISTANCE AT COUNCIL MEETINGS FOR THE HEARING OR VISUALLY IMPAIRED:  
Please contact the City Clerk's office at (425) 556-2194 one week in advance of the meeting.

## AGENDA

### ROLL CALL

1. 2022 Annual Community Survey Results

*Department: Executive, 60 minutes*

*Requested Action: Informational*

[Attachment A: City of Redmond Community Survey Results - March 2023](#)

**Legislative History**

3/14/23	Committee of the Whole - Finance, Administration, and Communications	referred to the City Council Study Session
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2. Lodging Tax Advisory Committee (LTAC) Budgeting Process Recommendations

*Department: Planning and Community Development, 45 minutes*

*Requested Action: Consent, May 2nd*

[Attachment A: Council Presentation - LTAC Budget Process Recommendations](#)

[Attachment B: General Tourism and LTAC FAQ and Overview](#)

[Attachment C: March 6 LTAC Meeting DRAFT Minutes](#)

[Attachment D: March 6 LTAC Meeting Presentation](#)

**Legislative History**

4/4/23	Committee of the Whole - Planning and Public Works	referred to the City Council Study Session
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3. Council Talk Time

*10 minutes*

### ADJOURNMENT



## Memorandum

**Date:** 4/25/2023  
**Meeting of:** City Council Study Session

**File No.** SS 23-023  
**Type:** Study Session

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

Executive	Malisa Files	425-556-2166
Executive	Lisa Maher	425-556-2427

**DEPARTMENT STAFF:**

Executive	Jill Smith	Communications Manager
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**TITLE:**  
2022 Annual Community Survey Results

**OVERVIEW STATEMENT:**  
Staff from EMC Research will present the results of Redmond's annual community survey.

This year's annual community survey was conducted from January 16 - February 23, 2023, using a multi-modal address-based sampling (ABS) approach, fielded primarily as a postcard-to-web survey of residential households in Redmond, not just registered voters as in the past. The survey was provided in English, Spanish, Chinese, and Hindi.

☐ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☒ **Receive Information**      ☐ **Provide Direction**      ☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Community Strategic Plan, city budget, and other plans that use data collected from the annual community survey to track performance measures.
- **Required:**  
N/A
- **Council Request:**  
Council approved the project in city budget.
- **Other Key Facts:**  
N/A

**OUTCOMES:**

Councilmembers will have a full understanding of the results of the annual community survey and have the opportunity to ask questions and discuss the results.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**

January-February 2023 - Statistically valid survey by invitation only to a random subset of residents, including voters and non-voters

March 6, 2023 - Survey open online to entire community

April 25, 2023 - EMC presents final survey results

April/May - Results are shared with the community and posted on redmond.gov

- **Outreach Methods and Results:**

Postcard invitations to participate in the annual community survey were mailed to about 4,000 Redmond households in January 2023, and then follow up contact was made to ensure a statistically valid representation of Redmond was achieved.

The citywide online survey was promoted through enews, social media, emails, and other city communications.

- **Feedback Summary:**

N/A

**BUDGET IMPACT:**

**Total Cost:**

\$51,000

**Approved in current biennial budget:**

☒ Yes

☐ No

☐ N/A

**Budget Offer Number:**

0000027 Community outreach and involvement

**Budget Priority:**

Strategic and Responsive

**Other budget impacts or additional costs:**

☐ Yes

☐ No

☒ N/A

**If yes, explain:**

N/A

**Funding source(s):**

General Fund

**Budget/Funding Constraints:**

N/A

☐ Additional budget details attached

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
3/14/2023	Committee of the Whole - Finance, Administration, and Communications	Receive Information
11/15/2022	Business Meeting	Approve

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
N/A	N/A	N/A

**Time Constraints:**

City staff will share the results with the community by posting to Redmond.gov and communicating via a variety of city communication channels.

**ANTICIPATED RESULT IF NOT APPROVED:**

N/A

**ATTACHMENTS:**

City of Redmond Community Survey Results - March 2023



# City of Redmond Community Survey Results

*March 2023*

**DRAFT**<sub>6</sub>

# Project Purpose and Methodology

- ▶ Project goal is to measure general satisfaction with Redmond City government and residents' priorities for future planning and improvements.
- ▶ Survey conducted January 16 – February 23, 2023 of all Redmond residents
- ▶ The 2023 survey universe is wider than in the past and includes all residents, using a randomized Address-Based Sampling (ABS) approach.
  - This results in some small differences versus the previously conducted voter surveys.
- ▶ A total of 572 interviews were conducted; margin of error  $\pm 4.1$  percentage points at the 95% confidence interval
- ▶ Survey offered in English, Spanish, Chinese, and Hindi but 99% of respondents completed it in English
- ▶ Where applicable, results are compared to past Redmond Community surveys

**Please note that due to rounding, some percentages may not add up to exactly 100%.**

## *Postcard invitation:*



**The City of Redmond, in partnership with EMC Research, is conducting a survey about local issues and priorities.**

Please take a few minutes to share your opinions by completing this survey. This study is being conducted on a statistical basis and your input will be kept strictly confidential. The results from this study will be used for research purposes only.



**TO COMPLETE ONLINE**  
Visit [RedmondSurvey.com](https://RedmondSurvey.com) or scan the QR code. Enter the six-character code on the other side of this card.



**BY PHONE**  
Call 800-903-2521 and leave your name, phone number, survey ID code, and the best time of day to call you back.

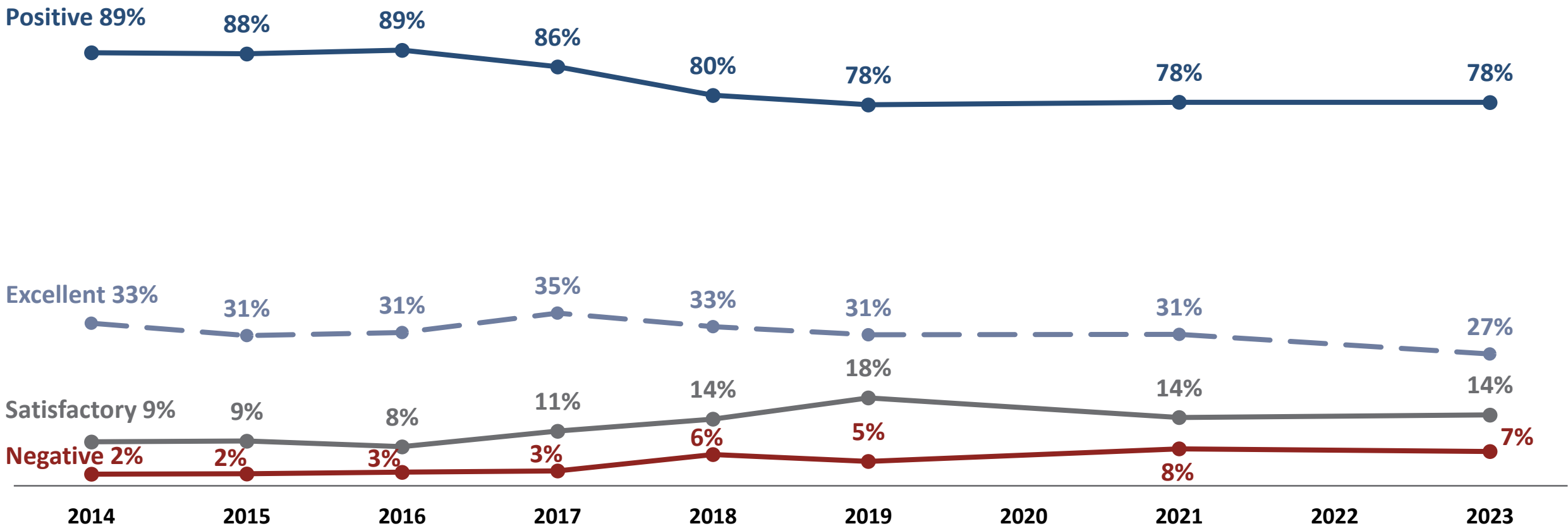


# Quality of Life and Priorities

# Quality of Life in Redmond – Trend

Quality of life ratings have held steady with the last couple years.

Positive: the combined total of “excellent” and “very good” ratings  
Negative: the combined total of “only fair” and “poor” ratings



# Top-of-Mind Concerns Regionally

*Compared to other cities in the area, Redmond residents' top-of-mind concerns are comparable to Kirkland in their focus on affordability and addressing growth and overdevelopment. Homelessness and crime are more central concerns in larger cities like Seattle.*

Note: Showing Redmond results over 1%

	Kirkland 2022*	Everett 2022	Seattle 2022**	Bellevue 2022**	Redmond 2023
Affordable housing/Cost of living/Taxes	21%	8%	16%	20%	<b>25%</b>
Growth/Overdevelopment/Overpopulation	25%	-	1%	7%	<b>25%</b>
Traffic	7%	-	1%	13%	<b>13%</b>
Infrastructure	4%	-	1%	3%	<b>9%</b>
Crime	8%	29%	28%	16%	<b>7%</b>
Public transportation	2%	-	-	2%	<b>4%</b>
Homelessness	6%	43%	36%	17%	<b>4%</b>
Education/Schools	1%	2%	-	1%	<b>1%</b>

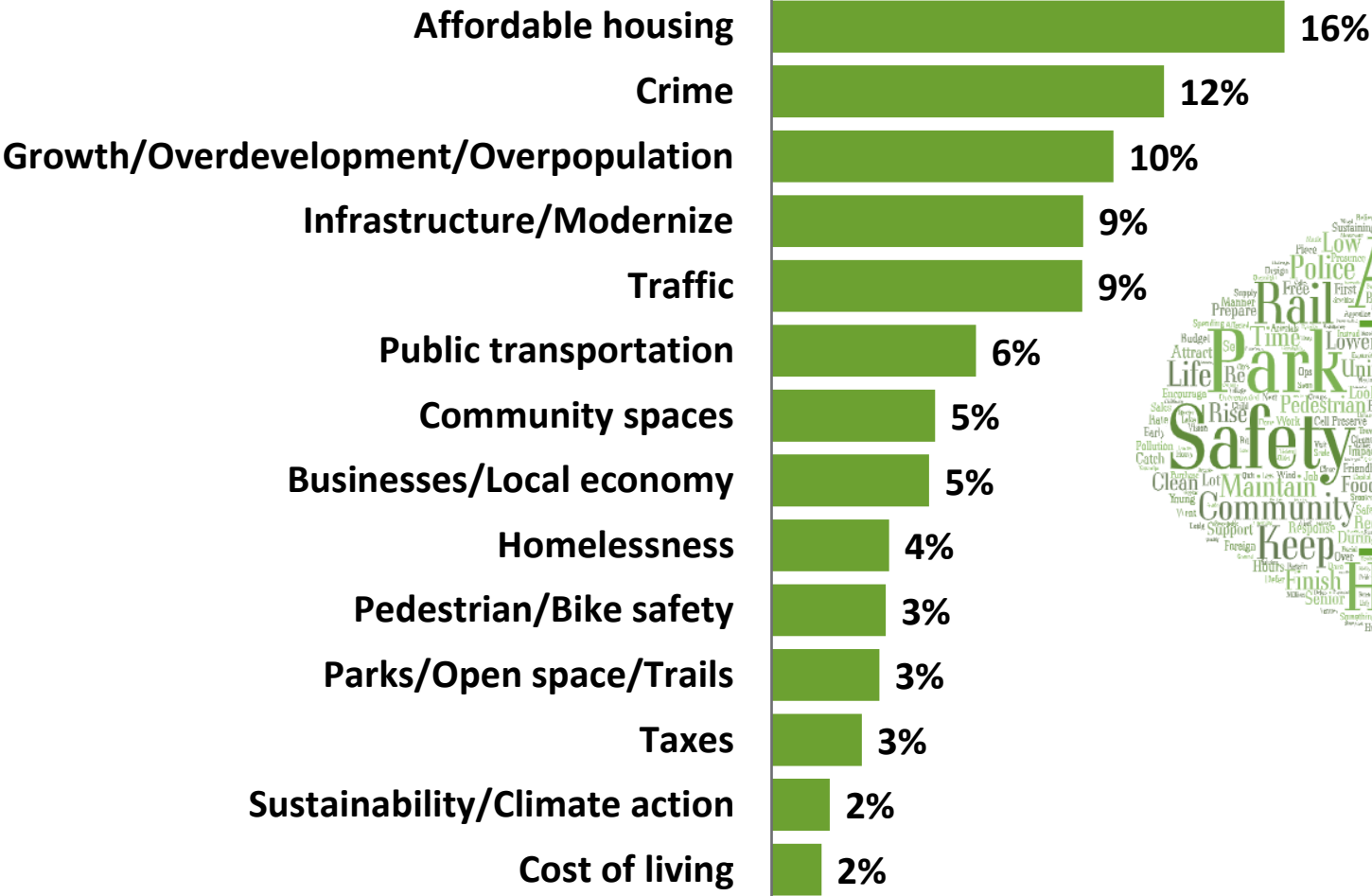
\*Asked as "When you think about the way things are going in Kirkland, what, if anything, concerns you?"/

\*\*Asked as "And what are the issues facing [Seattle/Bellevue] that you are most frustrated or concerned about?"

*Affordable housing, crime, and growth are the biggest priorities, but a range of topics draw some mention.*

**What do you think should be the City of Redmond's number one priority over the next two years?**

(Open-ended question; Verbatim responses coded into categories below)



*(Verbatim responses)*



# City of Redmond's Current Priorities

Nearly nine-in-ten residents in Redmond agree with the four guiding statements as top priorities for the City.

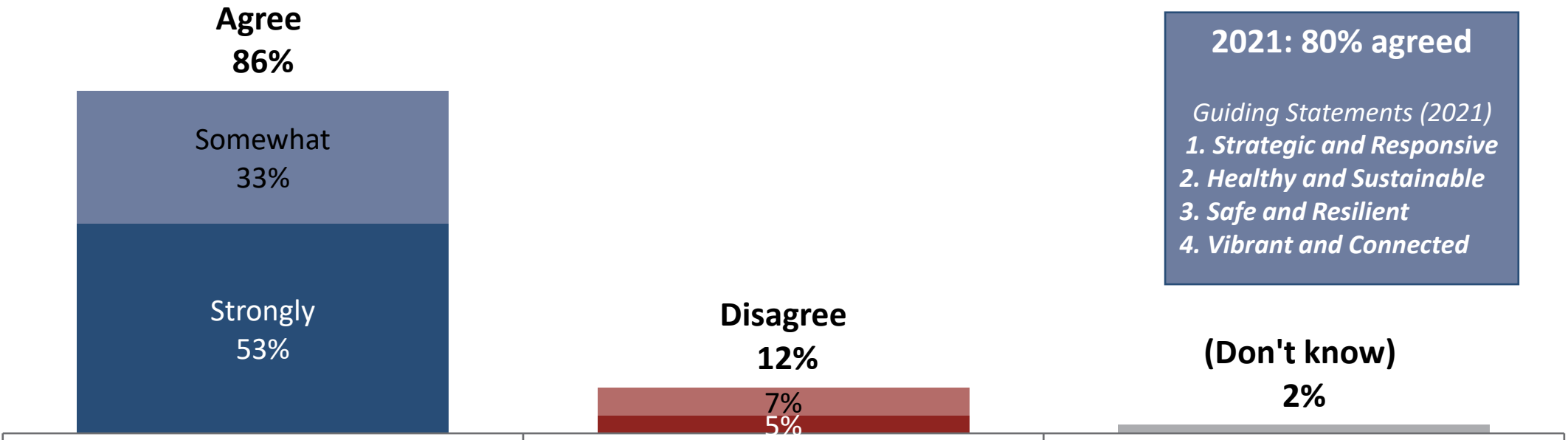
The City of Redmond uses four guiding priority statements when determining how your tax dollars should be spent. These statements say that the programs, initiatives, and priorities the City will fund should be:

- (1) Strategic and Responsive** - We value a city that is welcoming, service oriented, and fiscally responsible

**(2) Healthy and Sustainable** - We value a healthy environment that supports an active community

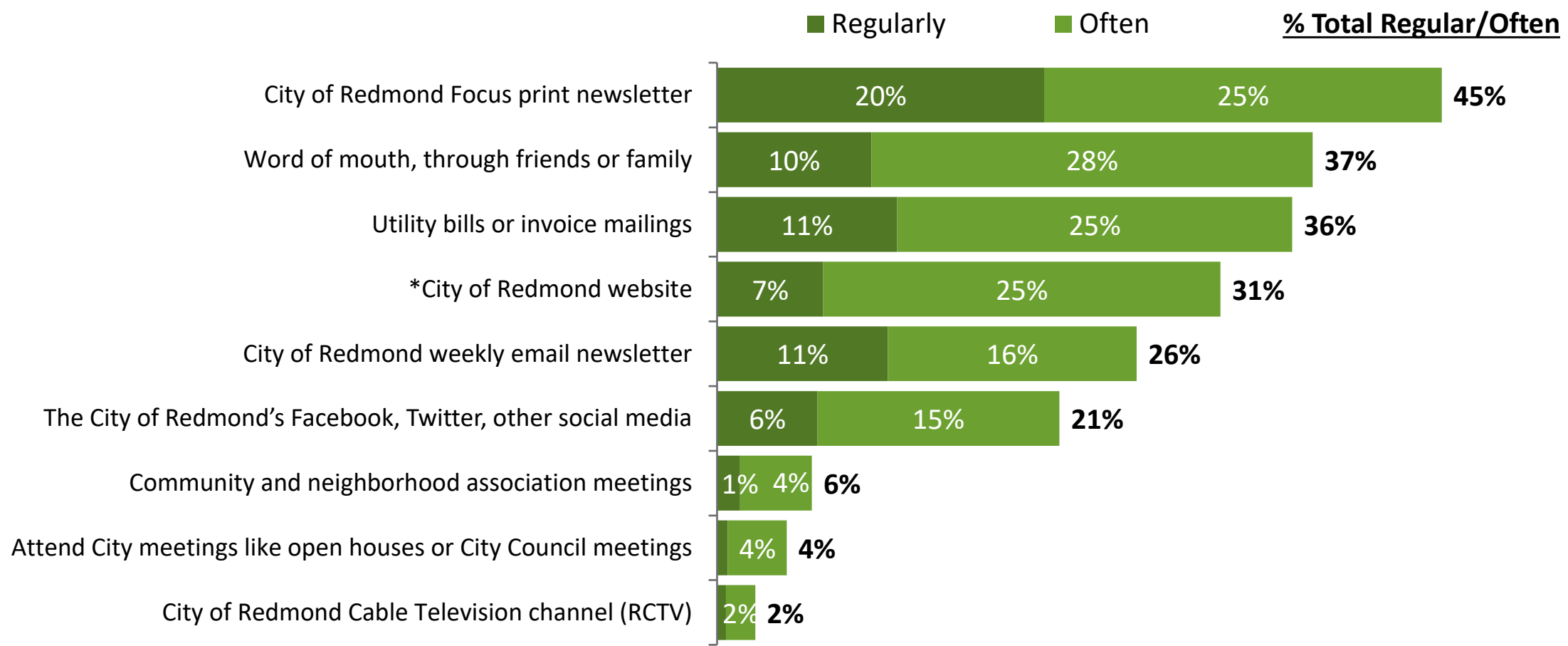
**(3) Safe and Resilient** - We value a thriving community where all people feel safe

**(4) Vibrant and Connected** - We value a well-planned and supported community that provides a sense of place



# Information Sources

Nearly half of Redmond residents report getting information about the City via the Focus print newsletter, and around a third rely on word-of-mouth, utility bills, and the City’s website.



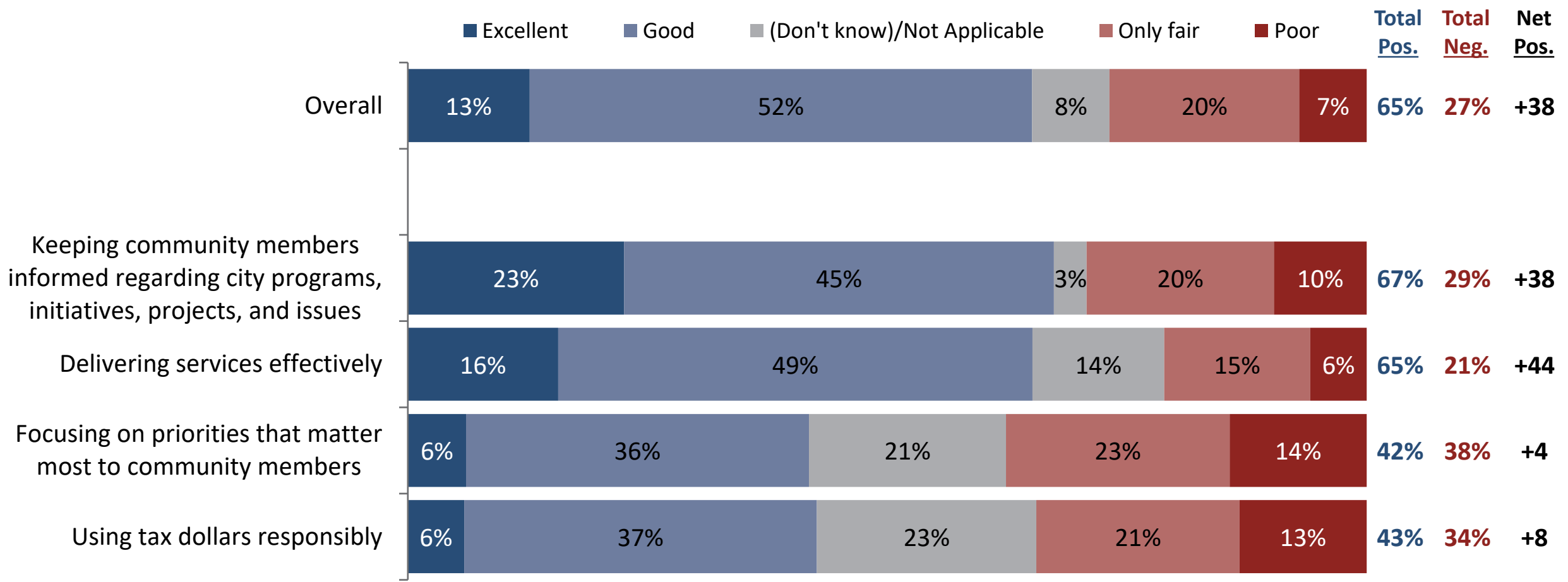
\*Full Question text: “City of Redmond website – [www.redmond.gov](http://www.redmond.gov) and/or [www.LetsConnectRedmond.com](http://www.LetsConnectRedmond.com)”



## City Ratings and Priorities

# City of Redmond Job Ratings

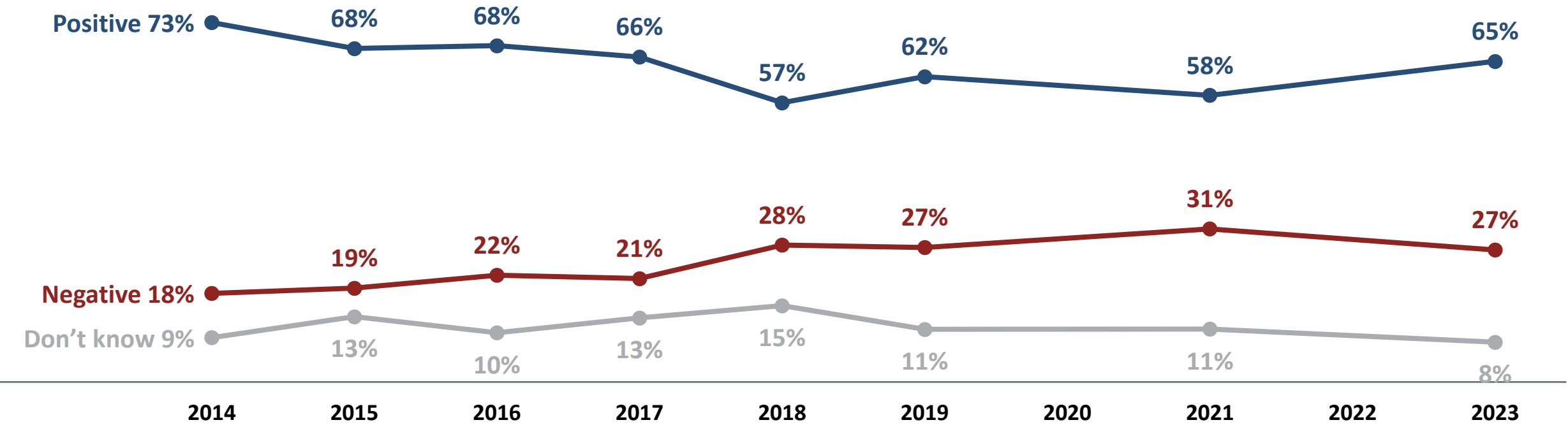
Half of residents rate the job the City of Redmond is doing overall, keeping community members informed, and delivering services as “excellent” or “good.” “Keeping community members informed” and “delivering services effectively” receive the highest marks, overall.



# City of Redmond Overall Job Rating – Trend

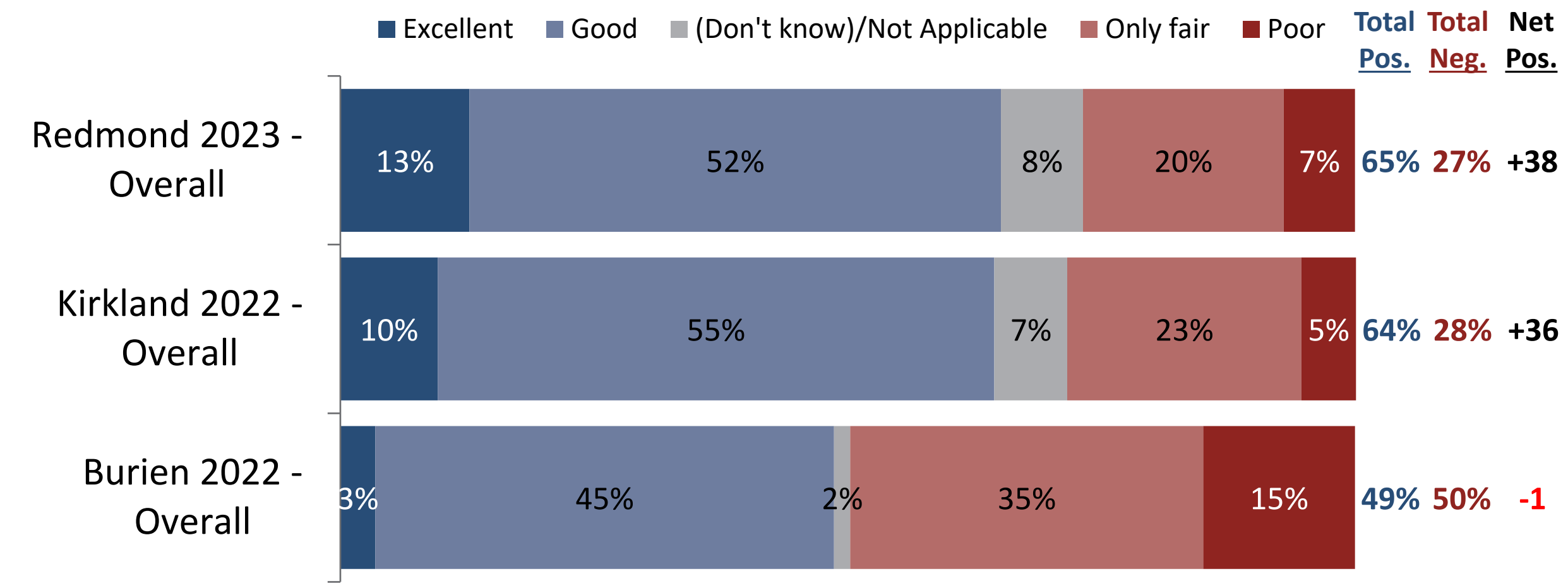
Residents’ overall job ratings for the City have rebounded slightly in 2023, while intensity remains comparatively minimal, both positively (“Excellent” ratings) and critically (“Poor” ratings).

Positive: the combined total of “excellent” and “very good” ratings  
Negative: the combined total of “only fair” and “poor” ratings



# City of Redmond Job Ratings Compared

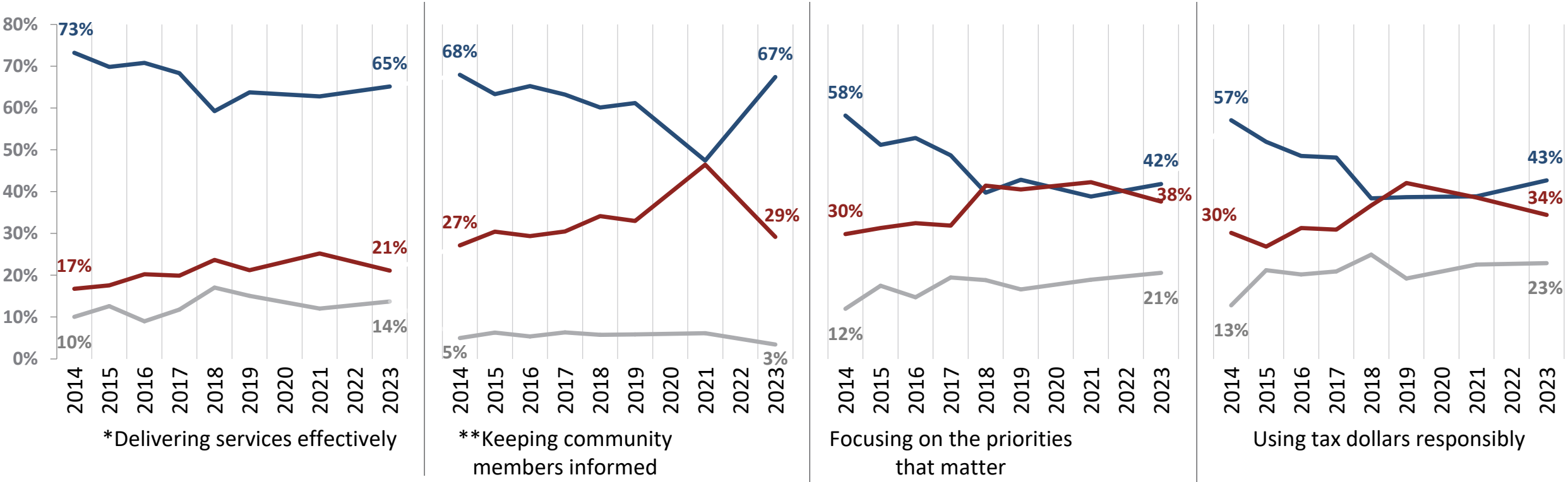
*The City receives a comparable job rating as Kirkland. Burien residents are far more critical of the job the City of Burien is doing overall.*



# City of Redmond Job Ratings – Trend

Compared to previous years, the City’s Job ratings are at least slightly higher for each category tested.

**Positive:** the combined total of “excellent” and “good” ratings  
**Negative:** the combined total of “only fair” and “poor” ratings  
*Don’t know/Refused/Not applicable*



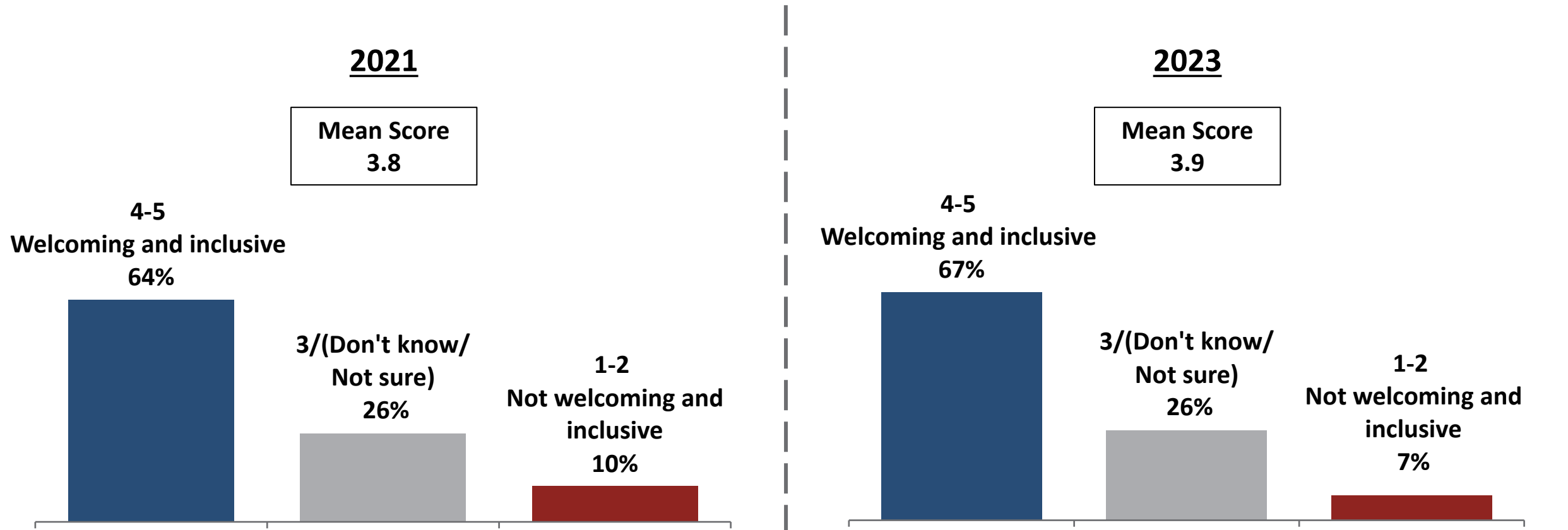
\*Pre-2021, question text was “...delivering services efficiently”      \*\*Updated in 2023 to “keeping community members informed regarding city programs, initiatives, projects, and issues”

Q6-Q10 Please tell me how you think Redmond City government is doing in each of the following areas. Use a scale of excellent, good, only fair, or poor.

# Sense of Welcoming and Inclusiveness

Two-thirds of Redmond residents rate the community of as welcoming and inclusive, a measure that is consistent with 2021.

On a scale of 1 to 5, where 1 is not at all welcoming and inclusive and 5 is very welcoming and inclusive, how would you rate your overall sense of feeling in the Redmond community?

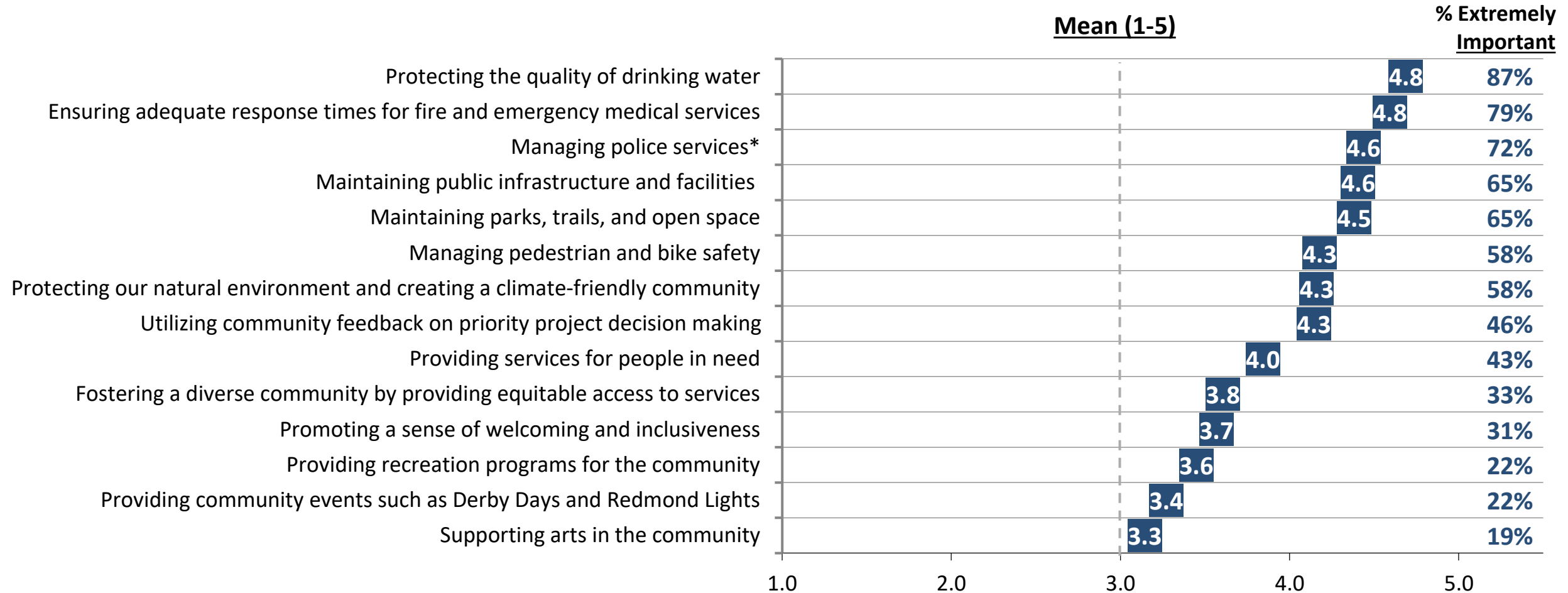




# City Services Gap Analysis

# City Service/Function Importance Ratings

*Protecting the quality of drinking water, emergency and police services, and maintaining public infrastructure are most important to community members. The range of “extremely important” is very wide.*

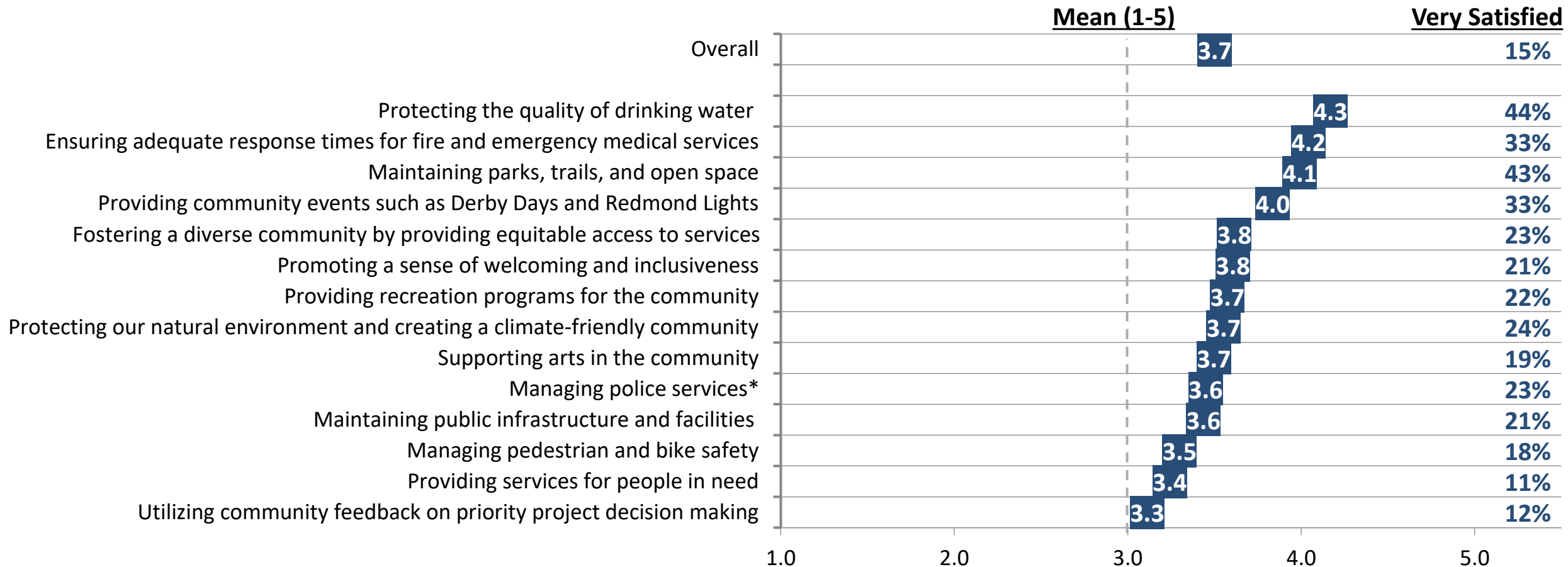


\*Full Question text: “Managing police services including response time, preventing crime and protecting community members”

Q28-Q41. Next you will see the same city services and functions. After each, please indicate how important that city service or function is to you and your household.

# City Service/Function Performance Ratings

*The City's overall performance rating (3.7 over 5) is on par with most services. Performance ratings are higher for drinking water, fire/EMS, parks/open space, providing community events, and promoting welcoming and inclusiveness and slightly lower for providing services for pedestrian safety, people in need, and utilizing community feedback in decision making.*



\*Full Question text: "Managing police services including response time, preventing crime and protecting community members"

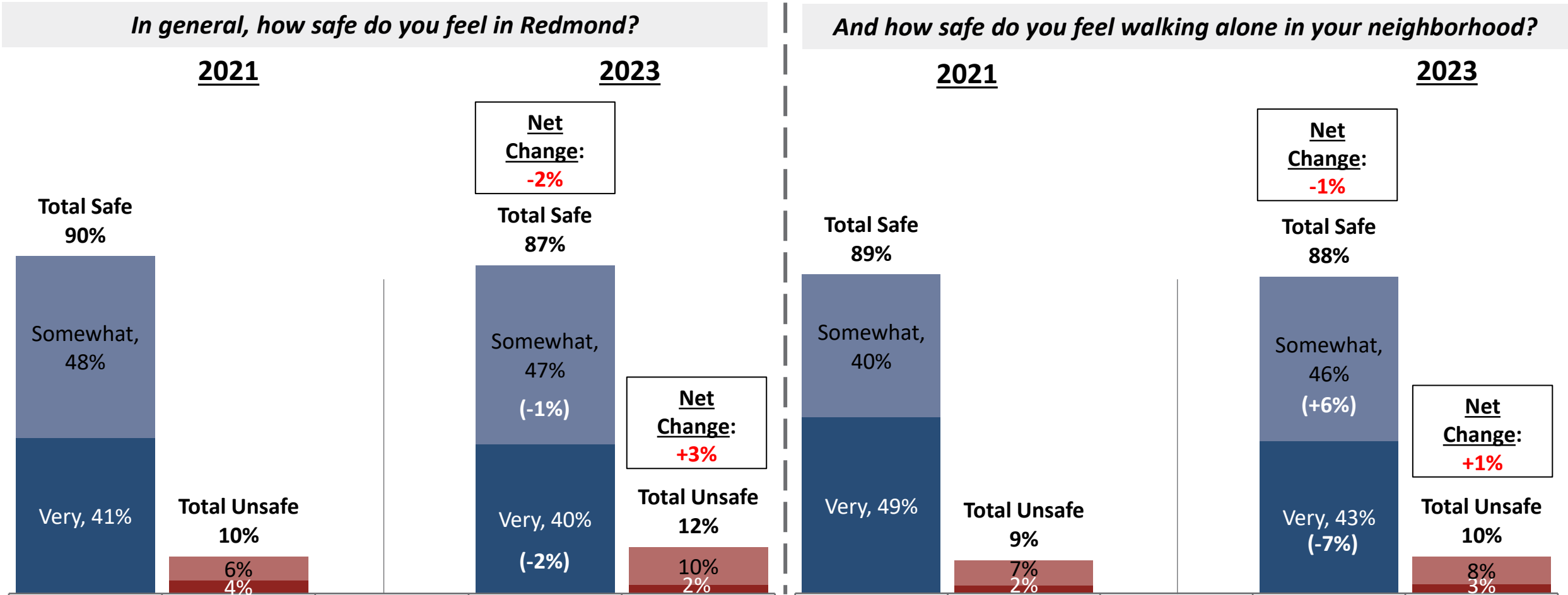
Q13-Q27. Tell me how satisfied you are with the City's performance for that specific service or function. Use a scale of 1 to 5, where 1 means you are very dissatisfied and 5 means you are very satisfied with that city function or service.



# Public Safety & Thrive Program

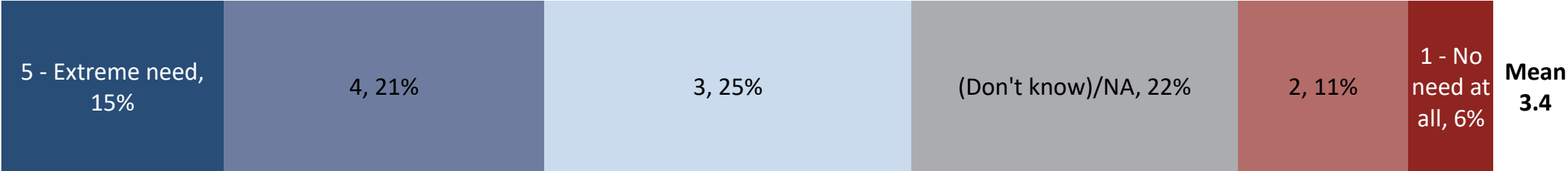
# Safety in Redmond

Consistent with 2021, most residents feel safe in Redmond and while walking alone in their neighborhood. However, there has been a slight drop in the percentage of residents who report feeling “very safe” and an increase in those who feel “somewhat” safe.

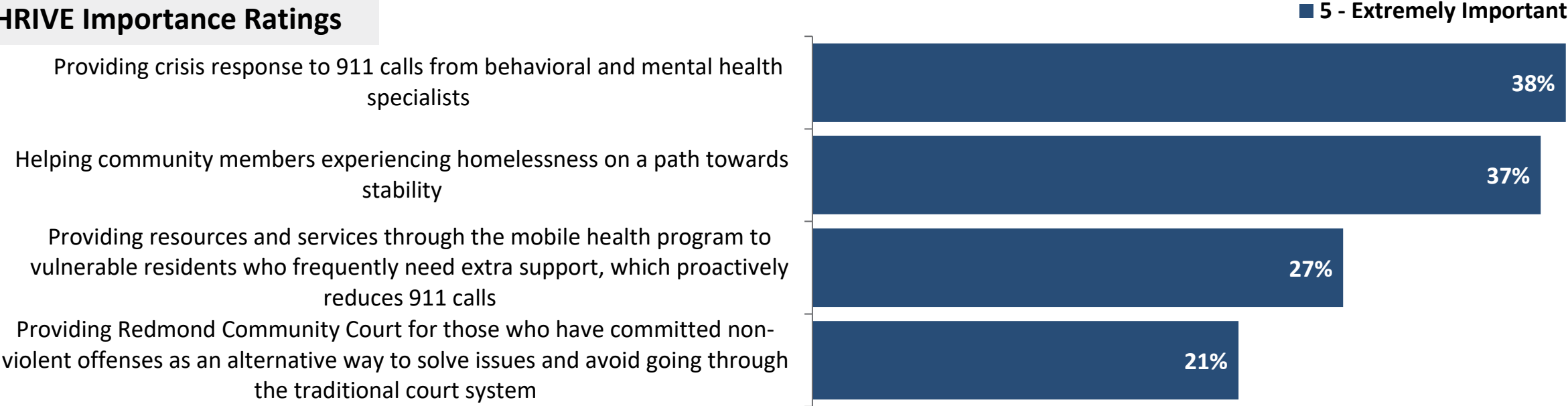


# Public Safety Resources & Upgrades

Thinking about public safety resources, including police officers, firefighters, behavioral health specialists who can respond to 911 calls, and upgraded emergency response equipment and technology... On a scale of 1 to 5, where 1 is no need at all and 5 is an extreme need, where would you place the City of Redmond on the need for more of all of those resources?



## THRIVE Importance Ratings

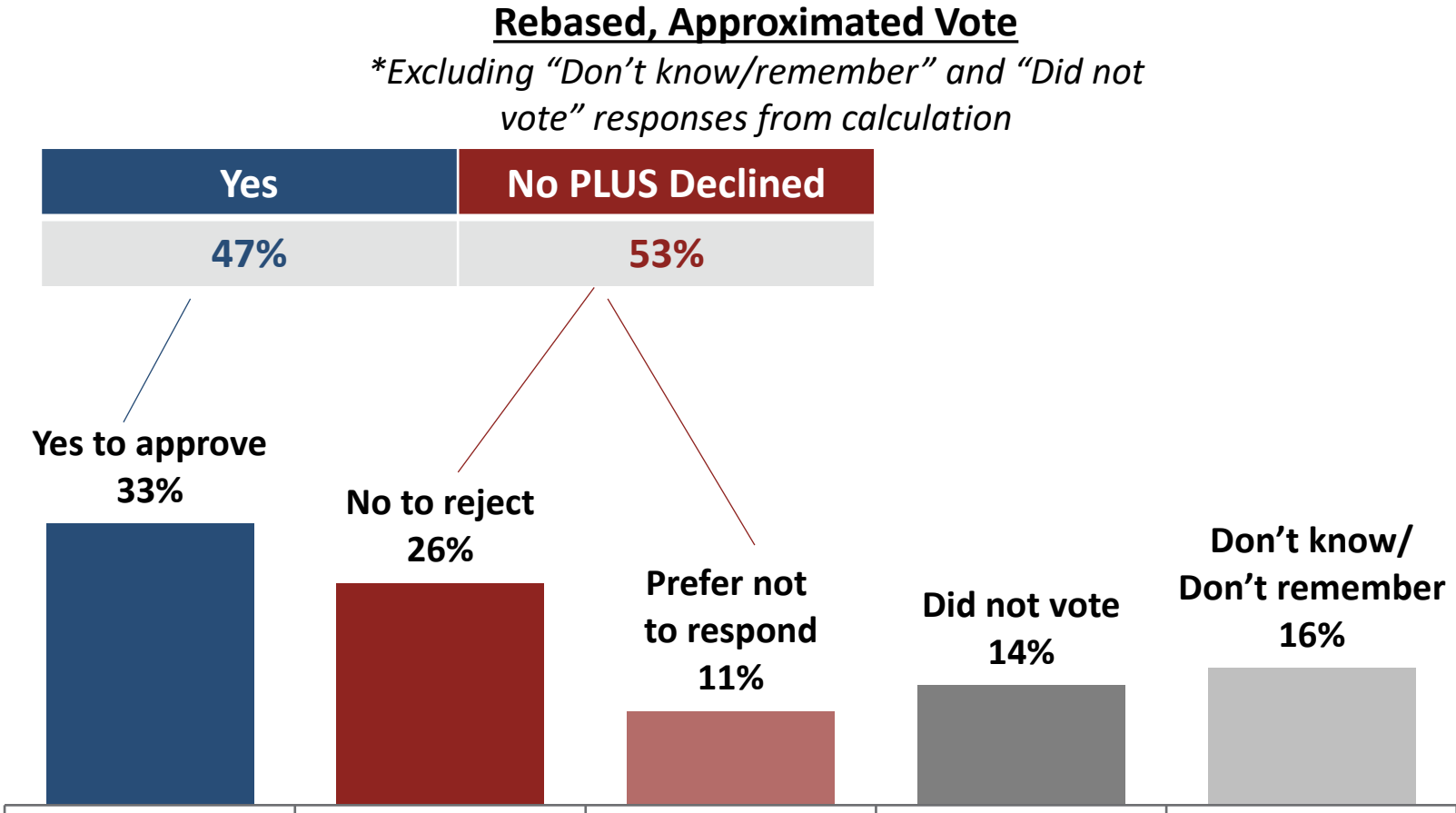


# Prop No. 1 Public Safety Levy

*A plurality of residents either voted against or declined to indicate how they voted for the public safety levy. About 3-in-10 either did not vote or don't know/remember either way. Note that this survey was among a broader resident audience and does not directly reflect a particular electorate.*

Last November, there was a measure on the ballot in Redmond related to public safety. That public safety measure read as follows:

To fund a comprehensive public safety system, behavioral health and crisis response professionals, and a body/in-car camera program, this proposition increases Redmond's regular property tax levy \$0.366/\$1,000, for a total rate of \$1.36/\$1,000 of assessed valuation for collection in 2023; sets the limit factor for Redmond's total regular property tax levy for 2024-2028 to 100% plus an annual increase of 5% for six years; and uses the 2028 levy amount to calculate subsequent levy limits.



# March 2022 to November 2022: What Changed?

- ▶ This survey tested recall of the November 2022 vote; when those who refused to answer are included in the “No,” we get a result of 47% Yes and 53% No which mirrors November 2022.

## Key Influences from March to November 2022

- ▶ Measure language tested in March 2022 did not include the 5% annual increase on the November ballot.
- ▶ In March 2022 we highlighted the unpredictability of the economy and inflation. Economic concerns rose along with inflation throughout 2022; this clearly did not pair well with the added 5% increase language.
- ▶ There was an active No campaign, with a former Mayor and two councilmembers in opposition via editorials and the voter pamphlet, claiming the measure was a large tax increase at an inflationary time, while also insisting the City either had the money or needed to consider other options before asking for a tax increase.
- ▶ The Yes campaign likely reached voters only once with information; not enough to hold support.
- ▶ While the March 2022 poll showed a majority in favor, only 35% strongly supported the measure and 32% leaned in favor; a majority of this group was clearly swayed to vote against it.
- ▶ Our poll did not test on any negatives because it was not a campaign poll; instead, it established the theoretical ceiling for the proposal.



# Findings Summary

- ▶ Perceptions of Redmond's quality of life are consistent and positive, and residents consider the city to be a welcoming, inclusive and safe community.
- ▶ Redmond residents continue to give the City high marks for the job it does on its core responsibilities, with some average but positive ratings on measures like using tax dollars responsibly and focusing on priorities that matter.
- ▶ Ratings for most City services and functions have remained consistent with past surveys, with some exceptions.
- ▶ Most residents see at least some need for upgraded public safety resources and support the specific components of the Thrive program, albeit with low intensity behind those sentiments, likely due to the fact that the vast majority of Redmond residents see the City as safe.
- ▶ There were a series of reasons the 2022 Public Safety measure failed; chief among them are likely inflation and the active No campaign, which are reflected in the main reason people gave to oppose the measure (Taxes/Cost Too High).



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# Appendix



## Memorandum

**Date:** 4/25/2023  
**Meeting of:** City Council Study Session

**File No.** SS 23-021  
**Type:** Study Session

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

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

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

**TITLE:**  
Lodging Tax Advisory Committee (LTAC) Budgeting Process Recommendations

**OVERVIEW STATEMENT:**

Per Council's request in October 2022, the LTAC reviewed the lodging tax budget percentage distributions approved by the Council in 2005. The LTAC is bringing forward three new budgeting process recommendations to the Council for approval.

☒ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☐ **Receive Information**      ☒ **Provide Direction**      ☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
N/A
- **Required:**  
RCW 67.28
- **Council Request:**  
October 4, 2022
- **Other Key Facts:**  
N/A

**OUTCOMES:**

The LTAC believes the formal Council recommendations they are providing will allow them to provide better recommendations to respond to current needs and opportunities to attract visitors and further support the tourism industry in Redmond. The final LTAC budgeting process recommendations are as follows:

1. The LTAC recommends that the lodging tax budgeting process is no longer percentage-based but instead, follows the City of Redmond's biennium budgeting process starting in 2025.  
(Dan Angellar Moved; Melody Lanthorn Seconded, Unanimously Passed)
2. The LTAC recommends an end-fund practice of maintaining a target balance equal to or greater than the average annual fund revenues.  
(Dan Angellar Moved; Latha Sambamurti Seconded, Unanimously Passed)
3. The LTAC recommends that the City of Redmond seeks alternative funding sources for City signature events and cultural arts programming outside of the lodging tax fund.  
(George Manojlovic Moved; CM Steve Fields Seconded, Unanimously Passed)

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:**

**Total Cost:**

The total cost for the lodging tax fund relates to the 1% tax revenues on hotels and motels. For the 2023/2024 budget, this cost is estimated to be around \$1,048,359. An additional \$136,000 is funded through one-time ARPA funds for staff administration through 2024.

**Approved in current biennial budget:** ☒ **Yes** ☐ **No** ☐ **N/A**

**Budget Offer Number:**

000040 Community/Economic Development

**Budget Priority:**

Vibrant and Connected

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

**If yes, explain:**

Possible impacts on the 2025 budget and beyond: City managed signature events and cultural arts programming could no longer receive an earmarked amount of 39% of the lodging tax fund if the budgeting process moves away from a percentage-based allocation. In recent years, the LTAC allocation to City-managed signature events has amounted to approximately \$150,000 annually. (See Attachment B, page two for a complete outline by year)

**Funding source(s):**

Lodging Tax Fund 2025 and beyond

**Budget/Funding Constraints:**

The fund is limited to lodging tax revenues earned by a 1% tax on Redmond hotels/motels.

☐ **Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
10/4/2022	Committee of the Whole - Planning and Public Works	Provide Direction
4/4/2023	Committee of the Whole - Planning and Public Works	Provide Direction

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
5/2/2023	Business Meeting	Approve

**Time Constraints:**

Need approval or direction from Council before the 2025/2026 budgeting process starts in early 2024.

**ANTICIPATED RESULT IF NOT APPROVED:**

Percentage split of the lodging tax fund will be unchanged, and expenditures would be limited to the current percentage caps:

50% Marketing

39% City Signature Events and Cultural Arts programming

9% Tourism Grants

2% Administration

**ATTACHMENTS:**

Attachment A: Council Presentation - LTAC Budget Process Recommendations

Attachment B: General Tourism and LTAC FAQ and Overview

Attachment C: March 6 LTAC Meeting DRAFT Minutes

Attachment D: March 6 LTAC Meeting Presentation

# LTAC Recommendations

April 25, 2023

Jackie Lalor, Economic Development & Tourism Program Administrator

Philly Marsh, Economic Development Manager

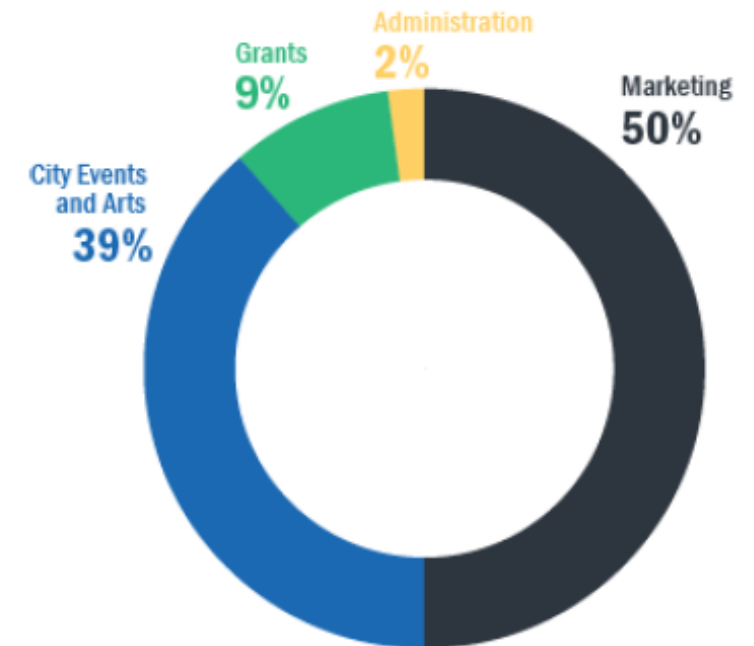


# Council's Ask

October, 2022:

Council requested for the LTAC to review and recommend if the current approved lodging tax fund expenditure percentages are still relevant or if they need to be updated.

**In 2005, Redmond City Council approved the distribution of funds to be as follows:**



# LTAC Touches & Research

- LTAC Meetings:
  - Nov. 7, 2022
  - Feb. 14, 2023
  - March 6, 2023
- LTAC Research:
  - Historical review of the fund and allocations
  - Review of hotel and tourism industry recovery and trends
  - Review of six neighboring city lodging tax expenditures and process
  - Guest speaker: Parks Director Loreen Hamilton
  - Guest speaker: Bullseye Creative (manage the Experience Redmond brand)



# Lodging Tax Fund Reminders

The fund is generated by a 1% tax on Redmond hotels. Through state law, funding is required to attract external visitors to the City and can be used for:  
**(a) tourism marketing, (b) special events designed to attract tourist, (c) tourism related facilities**

The Joint Legislative Audit and Review Committee (JLARC) requires that all fund recipients annually report on the following metrics per the RCW:



Overall program attendance



People traveling 50 or more miles one way



People traveling and staying overnight in paid accommodations

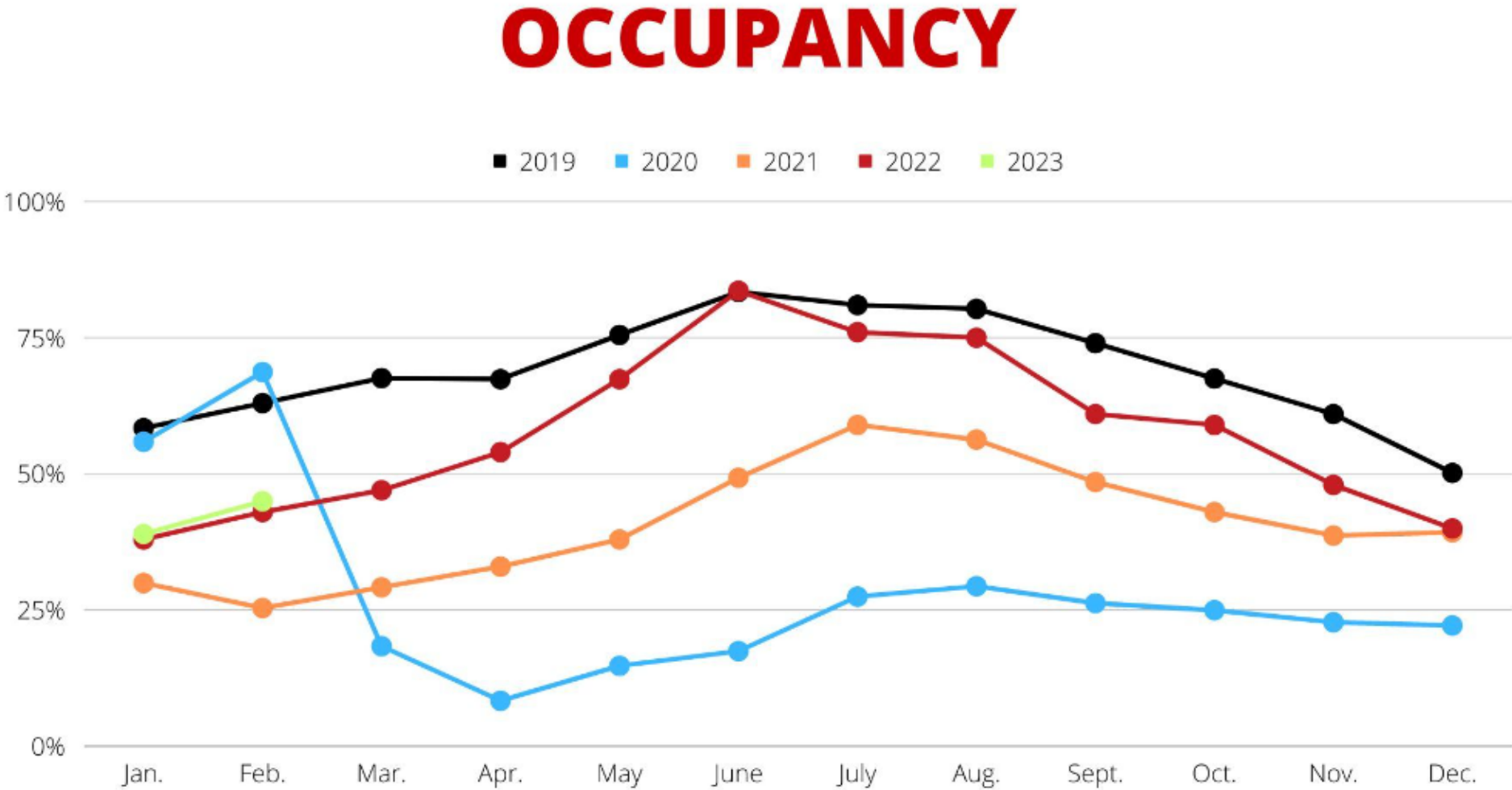


People traveling from another country or state

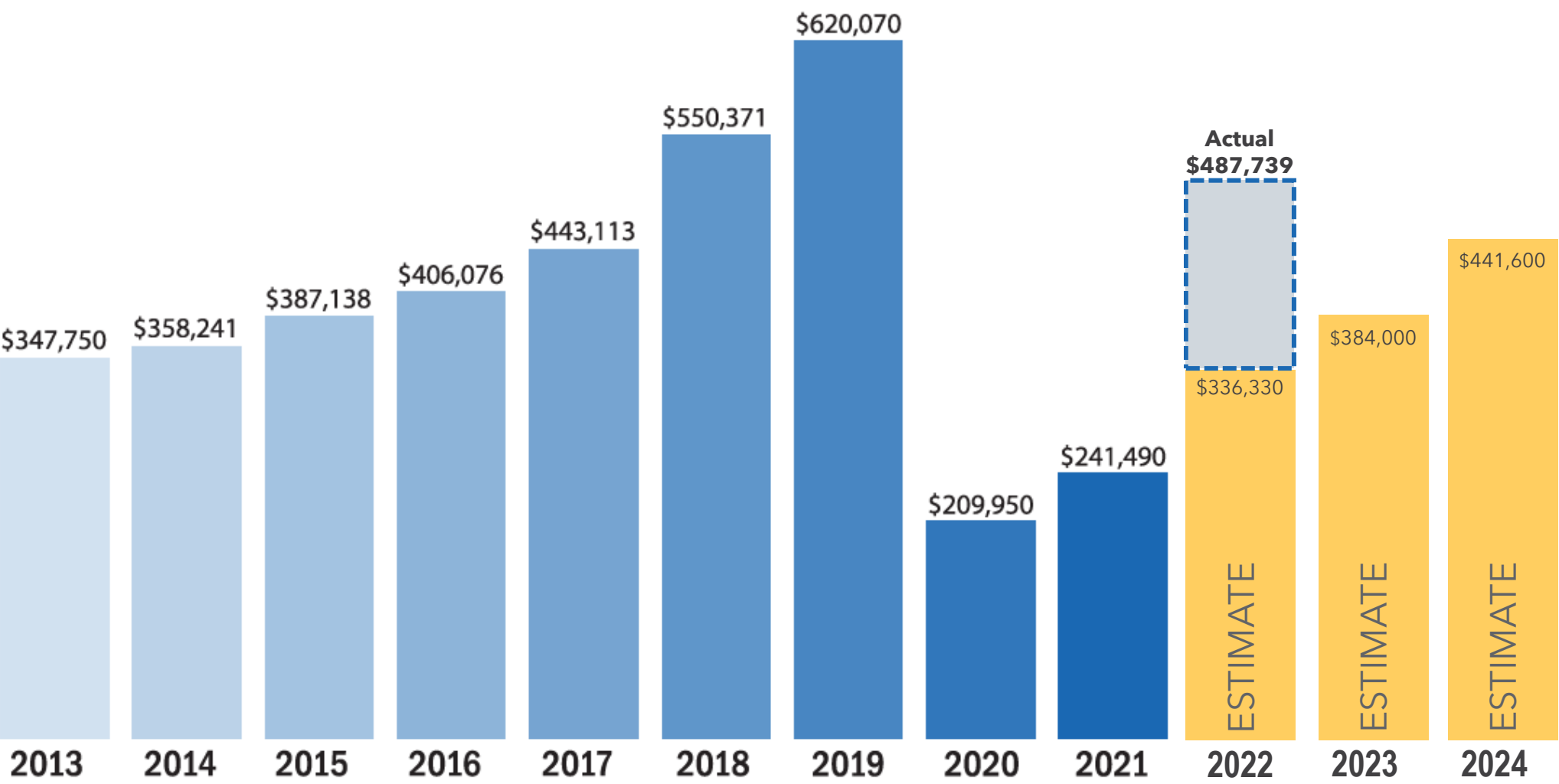


Data collection methods used

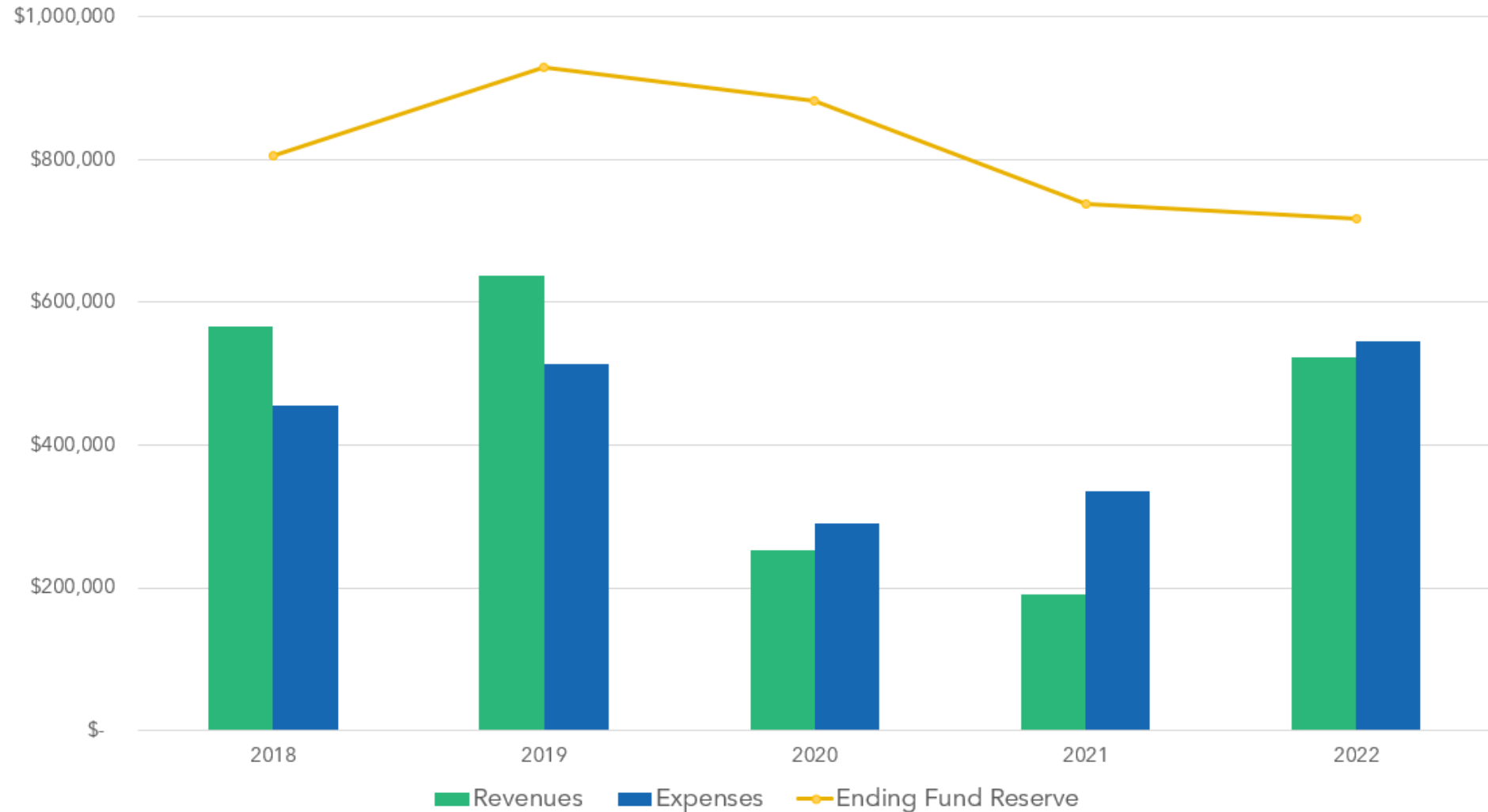
# Redmond Hotel Industry - Recovery Snapshot



# Lodging Tax Revenues



# Lodging Tax Fund Summary



# Percentage Breakdown for 2022

Percentage limits based on  
\$487K Actual Revenues:

2% = \$10K  
Administrative/Overhead

9% = \$44K  
Tourism Grants

39% = \$190K  
City Signature Events & Cultural Arts

50% = \$243K  
Marketing

Actual 2022 Expenditures with  
\$487,739 Actual Revenues

2.5% = \$12K  
(+ 68K one-time ARPA funds)

45% = \$219K

31% = \$150K

43% = 210K

121.5% of revenues spent

# Summary of Research Findings

- Every city is unique and not all categories of spending are an easy comparison
- All cities contacted were not restricted by percentages within their budgeting process
- One other city gave lodging tax funds to their city events at an amount of 7% of their 2022 revenues (Redmond budgets 39%)
- On average the other cities gave 32% of their 2022 to tourism grants (Redmond budgets 9%)
- On average, the other cities gave 42% of their 2022 fund to marketing (Redmond budgets 50%)
- On average, the other cities gave 13% of their 2022 fund to administrative and overhead costs (Redmond budgets 2%)
- On average, other cities gave 11% of their 2022 fund to their local visitor centers (N/A in Redmond)
- Many other cities had an end-fund balance target practice

# LTAC Desired Outcomes & Considerations

The committee expressed a desire to use their collective expertise to make future funding recommendations to:

- Strengthen Redmond as a tourism destination to drive overnight stays and local economic impact to our businesses
- Capture business travel market share
- Leverage lodging tax investments and find new opportunities to increase tourism stays during the shoulder season (Q4/Q1)

Some examples of desired investment opportunities that were discussed in the meetings included:

- Soliciting new tourism centric events to take place during the “shoulder season”
- Leverage Redmond’s proximity to Woodinville wine country for hotel stays
- Increase corporate event and bleisure travel (business/leisure)
- Targeting marketing campaigns in feeder markets

# LTAC's Formal Recommendations

Recommendations passed unanimously 5 yes; 0 no votes (1 member absent). These recommendations would begin with the 2025/2026 budgeting process:

1. The LTAC recommends that the lodging tax budgeting process is no longer percentage-based but instead, follows the City of Redmond's biennium budgeting process starting in 2025.
2. The LTAC recommends an end-fund practice of maintaining a target balance equal to or greater than the average annual fund revenues.
3. *(dependent on recommendation 1 approval)*  
The LTAC recommends that the City of Redmond seeks alternative funding sources for city signature events and cultural arts programming outside of the lodging tax fund.



# Recommendations **Impacts for Consideration**

- Recommendation 1: Remove percentage based budgeting process
  - Provides more flexibility with fund expenditures
  - Provides opportunity to continue to fund tourism events at the same number and dollar amount of recent levels
  - Removes fund assurances for specific purposes like signature events and arts programming
- Recommendation 2: End-fund practice of maintaining annual revenues
  - Creates an agreed on practice for managing and maintaining the end-fund balance
  - Allows for a reserve fund should revenue expectations not be met
  - Limits the allowance to drop the end-fund balance below average annual revenues of the fund
- Recommendation 3: Seek alternative funding sources for city signature events and cultural arts programming
  - If approving recommendation 1, the 39% assurance to signature events and arts programming is not guaranteed. These events and programs may still receive some money through tourism grants.
  - If signature events and arts programs are not provided alternative City funding in the amount of \$150,000, the impact would be a budget decrease of:
    - 43% for Redmond Lights | 29% for Derby Days | 15% for Cultural Arts programming

# Council Options for Consideration

- Recommendation 1: The LTAC recommends that the lodging tax budgeting process is no longer percentage-based but instead, follows the City of Redmond's biennium budgeting process starting in 2025.
  - **Approve** - as presented by the LTAC
  - **Do not approve** - all percentages will remain the same as they currently are
  - **Do not approve and amend** - for example the Council could provide different percentage distributions
- Recommendation 2: The LTAC recommends an end-fund practice of maintaining a target balance equal to or greater than the average annual fund revenues.
  - **Approve** - as presented by the LTAC
  - **Do not approve** - there would be no end fund balance practice or guidance in place
  - **Do not approve and amend** - for example the Council could provide an alternative end-fund practice such as maintaining a percent of annual revenues rather than a full year of revenues

# Council Options for Consideration

*(dependent on recommendation 1 approval)*

- Recommendation 3: The LTAC recommends that the City of Redmond seeks alternative funding sources for city signature events and cultural arts programming outside of the lodging tax fund.
  - **Approve** – To maintain current level of programming, Council can direct staff to propose a budget enhancement for signature events and cultural arts programming in the 2025/2026 budgeting process
  - **Do not approve** – Not seeking alternative City funding would result in a reduction of signature events and cultural arts programming
  - **Do not approve and amend** –
    - Examples:
      - Request the LTAC earmarks a specific dollar (not percentage) amount for signature events and cultural arts programming on an ongoing basis or for a limited amount of years

# Questions & Next Steps



## LTAC and Tourism Overview FAQ's

### How did the Lodging Tax Advisory Committee begin?

An advisory committee was assembled in accordance with the State regulations to weigh-in on the creating of a hotel/motel tax.

### When was Committee and Tax implemented?

- 1998 LTAC was formed
- 1999 the Lodging tax was implemented
- Funding for this program is made possible through revenues Redmond collects from a one percent (1%) lodging tax on the rental of hotel/lodging rooms in Redmond.

### Where does the funding come from?

The Revised Code of Washington (RCW) 67.28.180 provides authority for cities to adopt a lodging tax. A 1% tax is charged on each overnight stay at Redmond hotels and motels.

### What are the allowed uses of the lodging tax dollars?

Specific RCW language is as follows:

"(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."

### What are the goals and limitations of the revenue?

These funds must be used to attract visitors external to the city. Due to the funding being generated by Redmond hotels/motels, grants and uses of the tax revenue often prioritizes efforts that will support hotels night stays, but attraction of external visitors (more than 50 miles away) to Redmond small businesses and enrichment of the community is also heavily weighted.

Specific RCW 67.28.1816 language can be viewed [here](#).

### What is LTAC's role per current RMC 4.37 and [RCW 68.28](#)?

- LTAC can advise on the creation of a Lodging Tax;
- The increase or reduction of a Lodging Tax; or
- The Repeal of a lodging tax
- Review fund applicants and make funding recommendations to the legislative body

## How are the funds used at the City of Redmond currently?

- At the city, the LTAC and City Council predetermined how the tax dollars are spent via an adopted allocation split in 2005 as follows:
  - 50% to marketing
  - 39% to City signature events & cultural arts programming
  - 9% to tourism grants
  - 2% to administration

## What were the past recommended tourism grant funding amounts?

Year	# Of Applicants*	LTAC Recommendation*	Notes
2015	7	\$ 42,500	
2016	10	\$ 70,000	
2017	16	\$ 126,000	
2018	12	\$ 114,500	
2019	17	\$ 146,000	
2020	16	\$ 150,000*	*Only \$48,837 was used due to the pandemic and most events were cancelled. The City reimbursed fees incurred regardless of event status to help the applicants.
2021	5	\$ 45,000	
2022	23	\$ 252,500	2 application rounds held due to covid impacts
2023	18	\$ 154,000	

*\*These are estimates based on past documents and Council memos staff located*

## What were the past recommended City signature events and cultural arts funding amounts?

Year	City Signature Events/Arts Allocations	Notes
2015	\$ 140,000	
2016	\$ 140,000	
2017	\$ 140,000	
2018	\$ 160,000	
2019	\$ 194,000	
2020	\$ 205,000*	*Only \$9,120 was used due to the pandemic.
2021	\$ 75,000	
2022	\$ 150,000	
2023	\$ 146,000	

*\*These are estimates based on past documents and Council memos staff located*

## What is the process or requirements for City signature events and cultural arts programming lodging tax dollars?

They do not have to go through the full grant process. The money was designated outright and is not a part of the annual tourism grant process or 9% allocation.

All dollars allocated to city signature events and cultural arts programming shall follow the same guideline and limitation on how the dollars may be spent. All funds used must align with expenditures requirements in RCW 67.28 and city specific instructions.

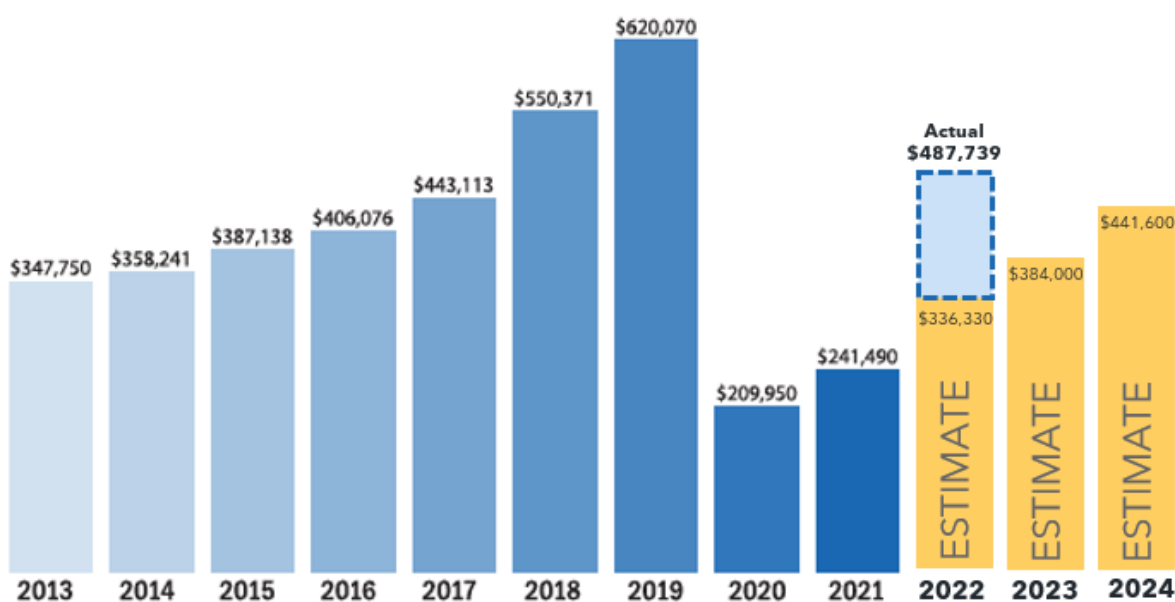
At the end of each calendar year, the city will need to provide an outline to the state of how the dollars were used, and performance summary data like that of the tourism grants. The city is required annually to submit summary outcomes for all uses of tax dollars.

If there are any unused funds at the end of the year those dollars shall be transferred back to the end fund balance. Finance may determine preference on annual transfer of allocated funding upfront and retransfer of an unspent funds or smaller transfers throughout the year.

## How is the lodging tax fund performing?

The lodging tax fund currently has approximately 735K in the end fund balance (as of January 2023). The impacts of covid on the hotel industry drastically declined incoming funds over the past few years. City staff and Finance worked together to make some educated estimates on what the fund recovery may look like in July 2022 as a part of the budgeting process for 2023/2024. Below is a snapshot of the fund and future estimates with the actuals from 2022 incorporated. 2022 performed much better than anticipated.

### Historical annual revenue amounts from lodging tax is as follows:



### **How does the City use the “Marketing” portion of the lodging tax fund:**

The city has a current contract with Bullseye Creative for \$178,000 a year to manage and staff the Experience Redmond brand needs. The contract is in its last renewal option and will require an RFP to be completed prior to the conclusion of the contract in 2024. Bullseye provides reports throughout the year on the return on investment the city receives in response to their contracted work.

The remainder of the marketing balance not used on the Bullseye contract has traditionally been used to help fund additional community grants above the 9% allocation. However, due to the reduction of revenue as a result of the pandemic, dollars from the end-fund balance were used to help maintain historical tourism granting levels.

### **How does the LTAC handle conflict of interest when reviewing tourism grant applicants?**

Conflicts of interest with applicants are common on this committee due to the 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 tourism grant recommendation vote or discussion per the MRSC guidance. However, staff did request that if a personal financial interest was involved, that a recusal would be requested. No personal financial interests were present or noted for the 2023 applicant recommendations.



Interested members of the public can listen to this meeting by phone at: 206-800-4590; Phone Conference ID: 870 437 464#. All public comments shall be emailed to Jackie Lalor ([jlalor@redmond.gov](mailto:jlalor@redmond.gov)) at least 24 hours before the meeting time. [To view the meeting presentation, click here.](#)

**DRAFT MEETING MINUTES**

Monday, March 6, 2023

1:00 – 3:00 p.m.

Prepared by Jackie Lalor, Staff Liaison [jlalor@redmond.gov](mailto:jlalor@redmond.gov)

LTAC Members Present:

- Steve Fields, Council Chair
- Dan Angellar
- Latha Sambamurti
- George Manojlovic
- Melody Lanthorn

City of Redmond Staff Present:

- Jackie Lalor & Philly Marsh – Economic Development and Tourism

Guests Present:

- Bullseye Creative (DMO): Peter Klauser and Huso Paco

Agenda:

1. February 14, 2023 meeting minutes approval
  - i. LTAC Action: Approved**
2. Bullseye Creative – Experience Redmond marketing update
  - i. [Click here to view the Bullseye Creative presentation](#) from the meeting
3. Fund allocation discussion (continued)
  - a. 2022 Lodging Tax revenues
    - i. Fund overperformed 2022 expectations of \$336,330 and ended around \$487,739 for 2022
    - ii. Note: Fund is still well below pre-pandemic 2019 revenues of \$620,070
  - b. Current end-fund balance
    - i. Currently \$735,000
  - c. Local research recap
    - i. Reviewed slides from last meeting (see presentation link above)



*LTAC DISCUSSION FOLLOWING PRESENTATION:*

*The committee expressed a desire to use their collective expertise to make future funding recommendations to:*

- *Strengthen Redmond as a tourism destination*
- *Leverage lodging tax investments to increase tourism stays during the tourism shoulder season (Q4/Q1)*
- *Find new opportunities and events to increase tourism specifically in the shoulder seasons*
- *Boost business travel again*

*Note: Committee Member Nancy Heard was absent from the meeting but member Heard's written comments were read into the record.*

***ACTION: COUNCIL RECOMMENDATIONS FROM THE LTAC:***

1. The LTAC recommends that the lodging tax budgeting process is no longer percentage-based but instead, follows the City of Redmond's biennium, line-item budgeting process starting in 2025.  
(Dan Angellar Moved; Melody Lanthorn Seconded)
2. The LTAC recommends an end-fund practice of maintaining a target balance equal to or greater than the average annual fund revenues.  
(Dan Angellar Moved; Latha Sambamurti Seconded)
3. The LTAC recommends that the City of Redmond seeks alternative funding sources for City signature events and cultural arts programming outside of the lodging tax fund.  
(George Manojlovic Moved; CM Steve Fields Seconded)

***The above recommendations passed unanimously 5 yes; 0 no votes (1 member absent)***

# LTAC Meeting

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March 6, 2023

Jackie Lalor

Economic Development & Tourism Program Administrator



# February 14 Meeting- Minutes Approval

## DRAFT MEETING MINUTES

Tuesday, February 14, 2023  
1:00 – 3:00 p.m.

Prepared by Jackie Lalor, Staff Liaison [jlalor@redmond.gov](mailto:jlalor@redmond.gov)

### LTAC Members Present:

- Steve Fields, Council Chair
- Dan Angellar
- George Manojlovic
- Melody Lanthorn
- Nancy Heard

### City of Redmond Staff Present:

- Jackie Lalor & Philly Marsh - Economic Development and Tourism
- Loreen Hamilton - Parks and Recreation Director

### Agenda:

1. November 7, 2022 meeting minutes approval
  - i. LTAC Action: Approved**
2. General Updates
  - a. Membership update
    - i. Latha Sambamurti is seeking another four-year reappointment – going to Council in March for approval*
    - ii. Dave Norwood resigned and there is now a hotelier position open for appointment*
  - b. Tourism Promotion Area (TPA) update
    - i. Draft Interlocal Agreement (ILA) with the City of Bellevue was approved by both the Redmond City Council and Bellevue City Council*
    - ii. Progressing to the Department of Revenue for next steps*
    - iii. Expected revenue collection to start in July 2023 with revenues available for expenditures in October 2023*
  - c. Experience Redmond website updates
    - i. Website upgrade starting soon through Economic Development funds (not lodging tax funds)*
  - d. Rules and Procedures - status update
    - i. Staff have an initial draft and are continuing to review and edit*

# Meeting **Agenda**

## WELCOME

- February 14 meeting minutes approval
- Bullseye Creative - Experience Redmond marketing update
- Fund allocations discussions (continued)





# **Bullseye Creative**

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## **Marketing Update**



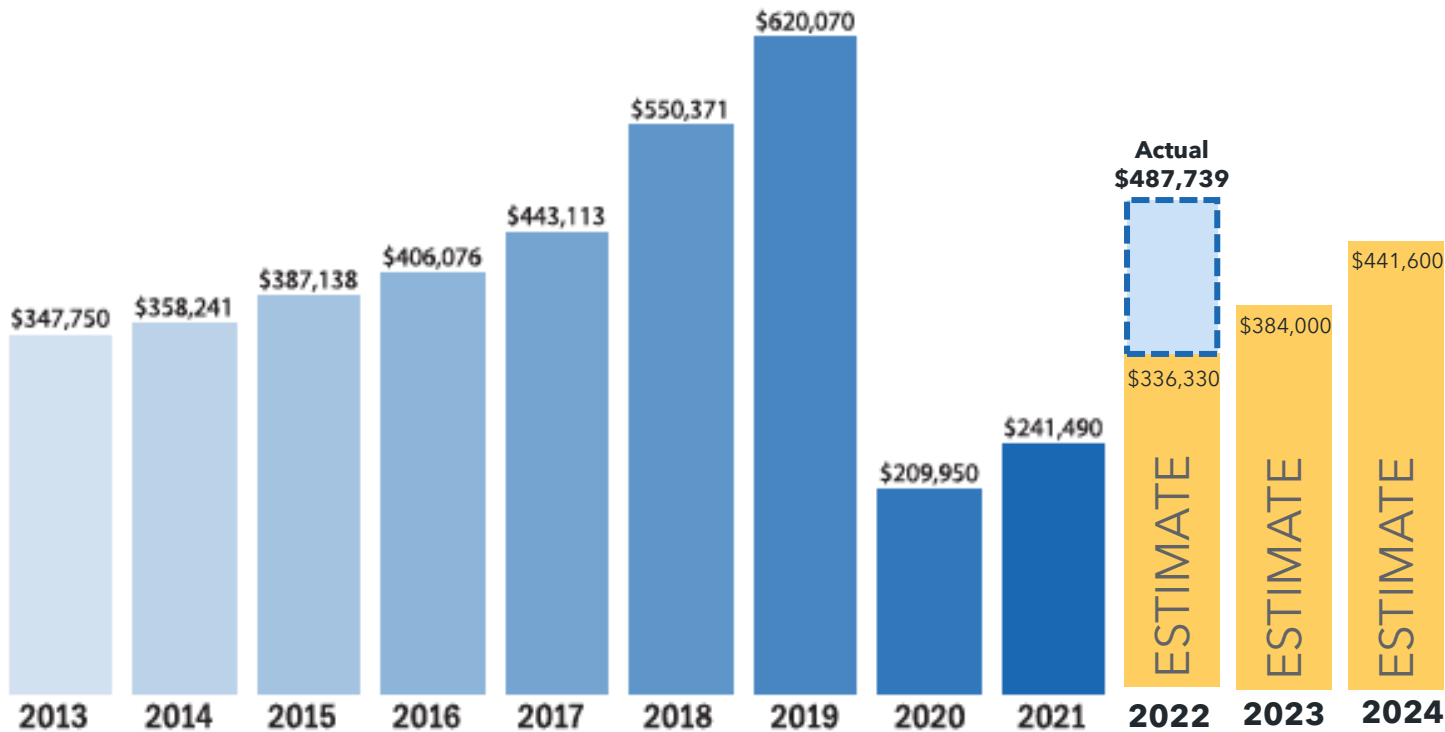
# **February 14 LTAC Meeting**

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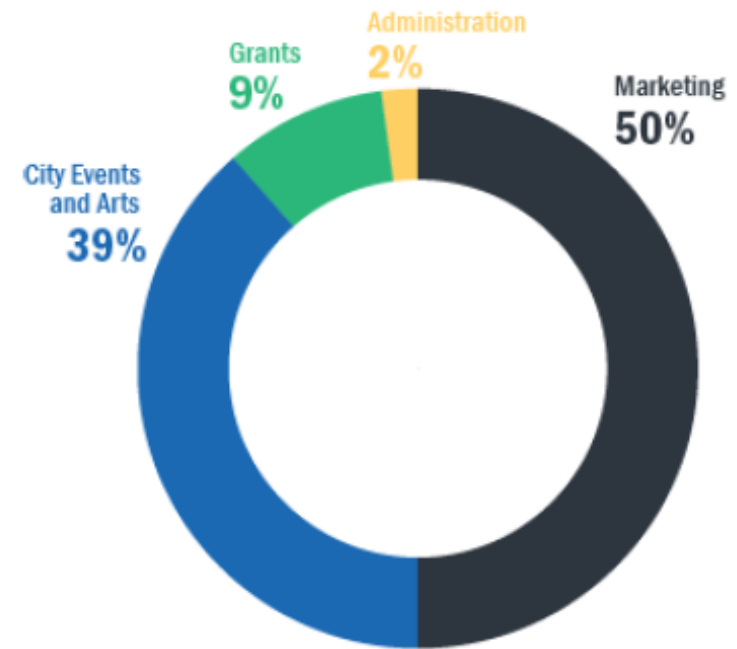
## **Quick Recap**

# Lodging Tax Fund Estimates

Historical annual revenue amounts from lodging tax is as follows:



In 2005, Redmond City Council approved the distribution of funds to be as follows:



# Current End-Fund Balance

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**Approximately \$735K**





# Local Research

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**To help make an informed Council  
recommendation on Lodging Tax fund  
budgeting process**

# Marketing

\$178,000

Fixed Cost  
through  
July 2024  
(Redmond)

City	Lodging Tax Budget Estimate (recent)	City-owned Events (tourism dollar funding)	%	Event & Program Grants	%	Marketing (DMO)	%	Facilities (visitor bureau, performing arts center etc.)	%	Administrative & Overhead	%
Issaquah	\$ 220,000	\$ -	0%	\$ 50,000	23%	\$ 180,000	82%	N/A	N/A	\$ -	0%
Bothell	\$ 410,000	\$ -	0%	\$ -	0%	\$ 248,000	60%	\$ 66,000	16%	\$ 118,000	29%
Kent	\$ 280,000	\$ -	0%	\$ 106,000	38%	\$ 122,000	44%	N/A	N/A	\$ 25,000	9%
Kirkland	\$ 305,000	N/A	N/A	\$ 60,000	20%	\$ 116,000	38%	\$ 0	0%	\$ 129,100	42%
Woodinville	\$ 125,000	N/A	N/A	\$ 54,500	44%	\$ 44,500	36%	\$ 26,000	21%	N/A	N/A
Redmond	\$ 487,000	\$ 150,000	31%	\$ 217,500	45%	\$ 178,000	36%	N/A	N/A	\$ 11,900	2%
Renton	\$ 700,000	\$ 49,000	7%	\$ 385,000	55%	\$ 140,000	20%	\$ 126,000	18%	N/A	0%

Ranges from 20% - 82% based on the research conducted. Redmond was at 36% in 2022.

# Tourism Grants

\$154,000  
allocated in  
2023  
(Redmond)

City	Lodging Tax Budget Estimate (recent)	City-owned Events (tourism dollar funding)	%	Event & Program Grants	%	Marketing (DMO)	%	Facilities (visitor bureau, performing arts center etc.)	%	Administrative & Overhead	%
Renton	\$ 700,000	\$ 49,000	7%	\$ 385,000	<b>55%</b>	\$ 140,000	20%	\$ 126,000	18%	N/A	N/A
Redmond	\$ 487,000	\$ 150,000	31%	\$ 217,500	<b>45%</b>	\$ 178,000	36%	N/A	N/A	\$ 11,900	2%
Woodinville	\$ 125,000	N/A		\$ 54,500	<b>44%</b>	\$ 44,500	36%	\$ 26,000	21%	N/A	N/A
Kent	\$ 280,000	\$ -	0%	\$ 106,000	<b>38%</b>	\$ 122,000	44%	N/A	N/A	\$ 25,000	9%
Issaquah	\$ 220,000	\$ -	0%	\$ 50,000	<b>23%</b>	\$ 180,000	82%	N/A	N/A	\$ -	0%
Kirkland	\$ 305,000	N/A	0%	\$ 60,000	<b>20%</b>	\$ 116,000	38%	\$ 0	0%	\$ 129,100	42%
Bothell	\$ 410,000	\$ -	0%	\$ -	<b>0%</b>	\$ 248,000	60%	\$ 66,000	16%	\$ 118,000	29%

Redmond  
29% in  
2023

29% in 2023

Ranges from 0% - 55% based on the research conducted. Redmond was at 45% in 2022 but **is allocating 29% in 2023** (assuming a lodging tax revenue of 525K).

# Administration

**\$7,600**  
Budgeted in  
2023  
(2% of fund  
estimates for  
Redmond)

City	Lodging Tax Budget Estimate (recent)	Administrative & Overhead	%	Notes
Kirkland	\$ 305,000	\$ 129,100	<b>42%</b>	Personnel/Salaries/Benefits = 104K Internal Services (IT support, equipment etc.) = 23.6K Liability Insurance = 1.5K TOTAL is 129,100
Bothell	\$ 410,000	\$ 118,000	<b>29%</b>	29% towards staff salary and the rest comes from the general fund. Marketing will go up when funds go up. They have a hold on their grant program until more funds come in.
Kent	\$ 280,000	\$ 25,000	<b>9%</b>	They spend 20-25K on internal overhead costs (allocated here to administrative), 122K on marketing, any extras after those expenditures goes to grants.
Redmond	\$ 487,000	\$ 11,900	<b>2%</b>	One part-time staff member currently being covered by 2% of lodging tax and the rest of their salary is covered by ARPA funds.
Issaquah	\$ 220,000	\$ 0	<b>0%</b>	The administration and staff expenditures are not currently covered by lodging tax money. They discussed adding them in during last year's budgeting process, but it was found that not enough staff time was spent on LTAC to make it worth allocating costs there at the time.
Renton	\$ 700,000	N/A	<b>N/A</b>	Currently no Tourism department or staff. Lodging tax funds have doubled in recent years due to new hotels.
Woodinville	\$ 125,000	N/A	<b>N/A</b>	No administrative staff. All allocated lodging tax dollars goes to grants (which includes 25K to the visitor center, and 44.5K to marketing DMO). Only 2 hotels and few B&B.

Ranges from 0% - 42% with over half of the cities having dedicated administrative work time or staff. Redmond is currently at a 2% allocation.

# City Signature Events

**\$150,000**  
Budgeted in  
2023 and  
2024  
(Redmond)

City	City Managed Events	Lodging Tax Budget Estimate (recent)	City-owned Events (tourism dollar funding)	%	Event & Program Grants	%	Marketing (DMO)	%	Facilities (visitor bureau, performing arts center etc.)	%	Administrative & Overhead	%
Redmond	Yes	\$ 487,000	\$ 150,000	<b>31%</b>	\$ 217,500	45%	\$ 178,000	36%	N/A	N/A	\$ 11,900	2%
Renton	Yes	\$ 700,000	\$ 49,000	<b>7%</b>	\$ 385,000	55%	\$ 140,000	20%	\$ 126,000	18%	N/A	0%
Bothell	Yes	\$ 410,000	\$ -	<b>0%</b>	\$ -	0%	\$ 248,000	66%	\$ 66,000	16%	\$ 118,000	29%
Kent	Yes	\$ 280,000	\$ -	<b>0%</b>	\$ 106,000	38%	\$ 122,000	44%	N/A	N/A	\$ 25,000	9%
Issaquah	Yes	\$ 220,000	\$ -	<b>0%</b>	\$ 50,000	23%	\$ 180,000	82%	N/A	N/A	\$ -	0%
Kirkland	No (3rd Party Vendors)	\$ 305,000	N/A	<b>N/A</b>	\$ 60,000	20%	\$ 116,000	38%	\$ 0	0%	\$ 129,100	42%
Woodinville	No- (Chamber handles: 40K granted for Summer and Winter events)	\$ 125,000	N/A	<b>N/A</b>	\$ 54,500	44%	\$ 44,500	36%	\$ 26,000	21%	N/A	0%

Ranges from 0% - 31%. Redmond is currently at a 31% for city owned event allotments for 2022.  
In 2023, Redmond's percent will drop to 29%

# Summary of Findings

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## End-Fund Balance 'Target' Practice by City

### Woodinville's LTAC Approved Practice

Maintaining an end-fund target of 60% of a rolling three-year average of revenues (*for Redmond, with taking out covid years, this would be 387K*)

### Issaquah's Practice

Maintaining an end-fund target of average annual revues (*for Redmond, with taking out covid years, this would be around 550K*)

### Kirkland's Recommendation\*

Maintaining an end-fund target of 50% of the previous year's revenue. (*for Redmond, with taking out covid years, this would be around 250K*)

**Currently  
\$735,000**

\*from old documentation - this may be outdated information

# Summary of Budget Findings

- All cities contacted do line-item budgeting (not percentage based)
- Redmond spends more than any other city contacted on city managed signature events
- Redmond seems to be fairly in line with other cities on our granting program
- Redmond spends slightly less than other cities contacted on marketing
- Redmond does not spend money on facilities at this time and does not appear to have an applicable facility but this is something to keep in mind for the future
- Redmond is underspending in the administrative and overhead area compared to contacted cities
- Some other cities have an end-fund target policy, practice, or recommendation

## Discussion on Findings

City	City Managed Events	Lodging Tax Budget Estimate (recent)	City-owned Events	%	Event & Program Grants (tourism dollar funding)	%	Marketing (DMO)	%	Facilities (visitor bureau, performing arts center etc.)	%	Administrative or Overhead	%
Redmond	Yes	\$ 487,000	\$ 150,000	31%	\$ 217,500	45%	\$ 178,000	36%	N/A	N/A	\$ 11,900	2%
Total (not including Redmond)	4 out of 6 cities manage their own events = 67%	\$ 2,040,000 (340K average)	\$ 49,000	2%	\$ 655,500	32%	\$ 850,500	42%	\$ 218,000	11%	\$ 272,100	13%

29% in 2023

# 2/14 Meeting Recap

## Parks Director Hamilton

- Redmond Signature Events are unique in their size & scale
  - Closer to large, multi-day festivals for comparison
- Utilize marketing channels to target visitors from more than 50 miles away (radio/digital advertisements, social media)
- Recognize the need for better data on event attendees
- Willing to come to future meetings to discuss event plans, performance metrics, or general Q&A
- Open to feedback and ideas from the LTAC on how to increase tourism opportunities



# LTAC Discussion



**What are your thoughts on the current LTAC budgeting percentages and process?**

# LTAC Recommendations



**Are there any recommendations you would like to  
bring forward to Council?**



# Thank You

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Any Questions?





# City of Redmond

15670 NE 85th Street  
Redmond, WA

## Memorandum

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**Date:** 4/25/2023

**Meeting of:** City Council Study Session

**File No.** SS 23-024

**Type:** Study Session

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Council Talk Time