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CITY COUNCIL AGENDA TOPIC

2027 Recommended Budget and Strategic Plan for the Bellevue-Redmond Tourism Promotion Area

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EXECUTIVE SUMMARY

DIRECTION	The Bellevue-Redmond Tourism Promotion Area (BRTPA) Advisory Board must submit for approval a budget and strategic plan to the Bellevue City Council, in its capacity as Legislative Authority for the BRTPA. This budget and strategic plan governs the use of revenues derived from Lodging Charges, which are collected from businesses furnishing 40 or more units of taxable lodging. If approved, staff will bring back legislation authorizing expenditures consistent with the recommended budget and plan as part of the regular 2027-2028 budget process. If not approved, staff will communicate the council's rationale, and the BRTPA Advisory Board will prepare an alternative recommendation.

RECOMMENDATION

Direct staff to return with legislation as part of the 2027-2028 budget process to support expenditure consistent with the annual budget and strategic plan as recommended by the BRTPA Advisory Board.

BACKGROUND/ANALYSIS

In 2023, following the adoption of Chapter 3.100 of the Bellevue City Code (BCC), the Bellevue City Council, serving as the Legislative Authority for the BRTPA, formally established the BRTPA Advisory Board. The Advisory Board is responsible for providing recommendations to the council regarding the use of revenues generated from designated lodging charges.

In accordance with BCC 3.100.010 and the Interlocal Agreement between the cities of Bellevue and Redmond, the Advisory Board is composed of an equal number of representatives from lodging establishments located in both the Bellevue and Redmond Zones.

Upon receiving the Advisory Board's recommendations, the council may approve the proposed budget and work plan or return them to the Advisory Board with a request for revised recommendations. If the council declines to approve the proposal, it must provide the rationale for its decision. The council may not introduce any new projects into the budget or work plan that have not first been reviewed by the Advisory Board.

Collection and Remittance of Lodging Charges

The BRTPA consists of two zones, the Bellevue Zone and the Redmond Zone, each defined by the boundaries of their respective cities. Lodging Charges are collected by lodging businesses with more than 40 units in each zone and remitted to the Washington State Department of Revenue (DOR). The DOR subsequently transfers these revenues to the City of Bellevue in its role as the Legislative Authority for the BRTPA.

In accordance with the Interlocal Agreement and BCC 4.60.070, the City of Bellevue maintains separate accounts for revenues generated within each zone. Funds collected in each city must be used exclusively for tourism promotion activities benefiting that city.

Allowable Use of Revenues

As stated above, revenues collected from BRTPA Lodging Charges must be used for tourism promotion. RCW 35.101.010 defines tourism promotion as:

> "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.

BCC 4.60.060 and the Interlocal Agreement give additional guidance for the use of these revenues:

1. The general promotion of tourism and convention business within the BRTPA as may be recommended by the Advisory Board, 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, and 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.

Budget Process

The annual budget and strategic plan presented for the council's consideration were developed in alignment with established guidelines and informed by input from the organizations currently contracted to administer TPA funds for the two zones as well as with input from the City of Redmond's Lodging Tax Authority Committee (LTAC), who also supports tourism in Redmond. The Advisory Board has worked for a number of months to deliver the 2027 budget presented to the council.

Overview of Annual Budget for Both Zones

As in prior years, the Bellevue and Redmond Zone budgets and strategic plans follow a consistent format and reflect the same set of allowable uses. These uses are organized into defined focus areas, or "buckets," which include Marketing and Communications; Destination Sales; Tourism Development; Festivals, Events, and Programming; Administration and Research; and Contingency and Reserves. While the structure is standardized, each zone's allocations within these categories are tailored to address its distinct needs and priorities.

	Bellevue Zone 2027 Budget	Redmond Zone 2027 Budget
Projected Collections after administrative fees	**$2,932,800**	**$847,147***
Marketing and Communication	*$1,006,100*	*$276,200*
Destination Sales	*$660,000*	*$56,146*
Tourism Development	*$779,000*	*$310,000*
Festivals and Events	*$309,500*	*$0*
Administration and Research	*$115,800*	*$258,118*
Contingency	*$62,400*	*$84,716*
Total	*$2,932,800*	*$985,180*

Each zone accounts for the 1% administrative fee retained by DOR, and the 5% administrative fee retained by the Legislative Authority.

*The Redmond zone's budget includes a $138,033 withdrawal from reserves.

Bellevue Zone Strategic Plan

In 2027, the Bellevue Zone, currently administered by Visit Bellevue, will continue advancing its strategic priorities to further strengthen Bellevue's position as an attractive tourism destination, while refining the city's destination identity to ensure it stands out in a competitive travel market. The 2027 plan introduces several Flagship Initiatives, including Signature Events, Culinary Tourism, and Outdoor Recreation Tourism. These initiatives will advance strategic priorities found in the Destination Development Plan and will guide continued development of a successful and dynamic tourism program.

Visit Bellevue's commitment to visitor mobility continues with transportation programs. BellHop continues to grow, with an expanded ADA accessible fleet, which has recently welcomed its 250,000th rider. A recently launched cruise shuttle will ensure that cruise riders will have an effortless connection to Bellevue, opening the city up to a valuable regional market.

In 2027, the Destination Stewardship program continues, with a focus on ensuring that tourism growth contributes positively to Bellevue's long term environmental, cultural and economic vitality. Visit Bellevue has partnered with a sustainability partner, Green Key Global, to offer businesses the opportunity to become certified with nationally recognized, ecofriendly credentials. These standards align with Bellevue's sustainability goals and have the benefit of making the city a more attractive destination for increasingly eco-conscious travelers and meeting planners.

Redmond Zone Strategic Plan

For the Redmond Zone, currently administered by One Redmond, efforts will focus on further developing and promoting Redmond's tourism program, guided by the goals outlined in the City of Redmond's Tourism Strategic Plan and informed by collaboration with Redmond hoteliers and the BRTPA Advisory Board. For 2027, the Redmond Zone will continue developing specialized tourism programs designed to elevate Redmond's profile by highlighting its distinctive visitor experiences. These programs are intentionally planned to align with hotel need periods, supporting stronger and more consistent visitation throughout the year.

Dog tourism continues in Redmond, with events throughout the year highlighting Redmond's newest addition to its niche tourism offerings is the introduction of Shinrin Yoku, or forest bathing. Leveraging the abundance of natural areas in and around Redmond, this program is envisioned to include both guided and self-guided experiences that highlight the city's outdoor assets.

For 2027, visitor mobility will also be a focus in the Redmond Zone. One exciting program is RedLink. Similar to BellHop, this free, on demand shuttle will give visitors and residents alike a convenient option for getting around Redmond. The Advisory Board recommended an investment in this program, which is running a pilot program through mid-2027.

Performance
The Bellevue Zone's overall occupancy goal is to welcome 2.5 million overnight visitors in 2027. The Redmond Zone's goal is to welcome 416,995 overnight visitors. Additional quantitative performance measures and goals are in Attachment A.

Next Steps
If approved, these budget numbers will be reflected in the 2027 budget process. Contracts and detailed scopes of work for Zone Administration would come to the council for approval after the 2027 budget is approved.

POLICY & FISCAL IMPACTS

Policy Impact
The TPA will provide dedicated funding to support tourism, consistent with Bellevue's 2026-2031 Economic Development Plan (Objective 2.6).

BCC 4.60.100(B): The legislative authority may approve the annual budget and business plan, or it may deny and return the budget and business plan to the advisory board for further, alternative recommendations. If the legislative authority denies and returns the budget and plan, it shall provide a rationale for the denial. The legislative authority may not add a project to the annual budget or business plan that was not previously considered by the advisory board.

BCC 4.60.100(C): After it is approved by the legislative authority, the annual budget and business plan shall govern the use of the revenue derived from the lodging charges imposed under this chapter during the calendar year for which it is approved. The legislative authority may from time to time approve amendments or modifications to the budget and plan, upon the appropriate recommendation from the advisory board.

Fiscal Impact
The proposed budget and work plan are fully supported by projected revenues. The BRTPA is anticipated to have a positive fiscal impact, with total revenues estimated at $3.78 million (approximately $2.9 million generated within Bellevue and approximately $847,000 generated within Redmond). As tourism activity continues to grow, these revenues are expected to increase correspondingly. The resulting rise in visitor spending is projected to positively influence hotel occupancy tax, sales tax, and admissions tax collections.

OPTIONS

1. Direct staff to return with legislation as part of the 2027 budget process to support expenditure consistent with the annual budget and strategic plan as recommended by the BRTPA Advisory Board.
2. Provide alternative direction to staff.

ATTACHMENTS

A. 2027 Bellevue-Redmond Tourism Promotion Area Budget and Strategic Plan

AVAILABLE IN COUNCIL LIBRARY

N/A