

**CITY COUNCIL AGENDA TOPIC**

2023-2024 Recommended Budget and Work 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 City Council, in its capacity as Legislative Authority for the BRTPA. This budget and plan govern 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 future mid-biennial budget adjustments. 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 2023-2024 Mid-Biennial adjustments to support expenditures consistent with the annual budget and strategic plan as recommended by the BRTPA Advisory Board.

**BACKGROUND/ANALYSIS**

Earlier in 2023, after adopting chapter 3.100 of the Bellevue City Code (BCC), the City Council, as the Legislative Authority of the Bellevue-Redmond Tourism Promotion Area (BRTPA), established the BRTPA Advisory Board.

The BRTPA Advisory Board is comprised of representatives from Lodging Businesses in both the Bellevue and Redmond Zones, in equal number, as required by BCC 3.100.010 and the interlocal agreement between the cities of Redmond and Bellevue (Interlocal Agreement).

Among its many duties, the BRTPA Advisory Board makes recommendations to the City Council regarding the use of revenues collected from certain Lodging Charges. The Council may approve the recommended budget and work plan, or it may deny and return it to the Advisory Board for alternative recommendations. If the Council denies and returns the budget and plan, then it must provide a rationale for the denial. The Council may not add a project to the budget or business plan that was not

previously considered by the Advisory Board.

This is the first budget and work plan prepared and recommended by the BRTPA Advisory Board. Per BCC 3.100.070(D)-(E), this first budget and plan must be submitted to the Council before December 31, 2023.

### **Collection and Remittance of Lodging Charges**

The BRTPA has two zones, the Bellevue Zone and Redmond Zone, each consisting of the geographic boundaries of their respective cities. Lodging Charges are collected by Lodging Businesses with over 40 units in the two zones and submitted to the Washington State Department of Revenue (DOR). DOR then remits those revenues to the City of Bellevue, as the Legislative Authority of the BRTPA.

The City of Bellevue maintains separate accounts for revenues from each zone in accordance with the Interlocal Agreement and BCC 4.60.070. Revenues collected within the City of Redmond must be used for tourism promotion in Redmond, and revenues collected within the City of Bellevue must be used for tourism promotion in Bellevue.

### **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 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.

The annual budget and work plan recommended and presented adheres to these guidelines and were developed with significant input from the destination marketing organizations (DMOs) for the two cities: OneRedmond and Visit Bellevue.

The BRTPA Advisory Board has also recommended the two DMOs be retained to help manage day-to-day operations of the BRTPA, which will help implement the recommended budget and plan. Once the budget and work plan are approved, Staff will begin the process to contract administrative operations for the BRTPA consistent with the Interlocal Agreement, BCC 3.100.070, and BCC 4.60.110.

### **Overview of Annual Budget and Work Plan**

Given the current timing, the Annual Budget and Work Plan for 2023-2024 (Attachment A) spans a 16-month period. A summary budget is outlined below. Future budget and work plans will cover 12-month periods and will be submitted to Council no later than July 31 of each year.

Workplans for both the Bellevue and Redmond Zones follow the same format within the same allowable uses, further defined by specific areas of focus or buckets. Buckets include Marketing & Communications; Destination Sales; Tourism Development; Festivals, Events, and Programming; Administration and Research; and Contingency and Reserves. The budgets within the buckets for each zone reflect the individual needs and priorities for the individual zones.

	<b>Bellevue Zone 16-month total</b>	<b>Redmond Zone 16-month total</b>
<b><i>Projected Collections after admin fees</i></b>	<b>\$3,726,160</b>	<b>\$1,106,807</b>
<i>Marketing and Communication</i>	\$1,043,923	\$0
<i>Destination Sales</i>	\$925,727	\$22,450
<i>Tourism Development</i>	\$921,000	\$68,340
<i>Festivals and Events</i>	\$305,110	\$0
<i>Admin and Research</i>	\$134,000	\$341,868
<i>Contingency (10%)</i>	\$396,400	\$117,746
<i>Reserves</i>	\$0	\$556,403
<b>Total</b>	<b>\$3,726,160</b>	<b>\$1,106,807</b>

**Redmond Zone**

For the Redmond Zone, the BRTPA Advisory Board listened closely to information provided by OneRedmond, the DMO for the City of Remond, which encouraged modest investment in Destination Sales (including the marketing and communications thereof) and Tourism Development, while focusing more directly on Administration and Research in 2023-2024, which will allow for the development of a more robust strategic plan. Considering the current need for research and planning, the majority of Lodging Charges from the Redmond Zone will be held in reserve for future allocation. Reserves will be used in future budget recommendations.

**Bellevue Zone**

The BRTPA Advisory Board recommends that the City Council put BRTPA revenues collected from the Bellevue Zone to work immediately. Bellevue’s destination marketing organization, Visit Bellevue, currently has a robust strategic plan in place, called the Destination Development Plan. This plan, which incorporates previous input from the City Council, allows for quick implementation of BRTPA funds consistent with uses allowed under state law, as agreed between Bellevue and Redmond, and consistent with the applicable code that are ready to deliver results in the community. The Bellevue Zone budget invests heavily in Marketing and Communications, Destination Sales, and Tourism Development.

Each zone accounts for the 1% admin fee retained by DOR, a 5% admin fee retained by the Legislative Authority, and a 10% contingency for implementation.

## **POLICY & FISCAL IMPACTS**

### **Legal Authority**

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.

### **Policy Impact**

The TPA will provide dedicated funding to support tourism, consistent with the City's Economic Development Plan (Sections T1-T2: Tourism).

### **Fiscal Impact**

The proposed budget and work plan are fully supported by the expected revenues. The TPA has an overall positive fiscal impact with projected revenues estimated to be \$3.5 million in the first year (\$2.5 million from Bellevue and \$1 million from Redmond), increasing year after year as tourism is promoted within the area. The resulting increase in visitor spending is expected to have a net positive impact on the hotel occupancy tax, sales tax, and admissions tax.

## **OPTIONS**

1. Direct staff to return with legislation as part of the 2023-2024 Mid-Biennial adjustments to support expenditures consistent with the annual budget and strategic plan as recommended by the BRTPA Advisory Board.
2. Provide alternative direction to staff.

## **ATTACHMENTS**

- A. 2023-2024 Bellevue-Redmond Promotion Area Budget and Work Plan

## **AVAILABLE IN COUNCIL LIBRARY**

N/A