

CITY COUNCIL STUDY SESSION

An update on staff's progress to establish a Tourism Promotion Area (TPA), including review of a draft ordinance to establish an advisory board and adopt two chapters to the Bellevue City Code relating to the administration of the TPA.

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DIRECTION NEEDED FROM COUNCIL

DIRECTION

Staff seeks Council direction regarding an ordinance to establish an advisory board and the adoption of two chapters relating to the TPA's administration.

RECOMMENDATION

Direct staff to return at a future meeting with an Ordinance to establish a TPA Advisory Board and create two chapters in the Bellevue City Code relating to the administration of the TPA.

BACKGROUND & ANALYSIS

Background and Analysis

Lodging businesses with 40 or more units, may petition a Legislative Authority to form a TPA to impose charges for the promotion of tourism. However, in any county with a population of one million or more (i.e., King County), two or more jurisdictions must work together under an interlocal agreement to establish and administer any TPA.

The funding from this self-imposed assessment will help with tourism promotion and implementation of both the tourism policies of the City's Economic Development Plan and the Destination Development Plan. The Bellevue-Redmond TPA has a high level of stakeholder support, with approximately 80% of eligible ratepayers submitting a petition in support.

Overnight visitors play a vital role in the local economy. On average, visitors spend an additional 2.2-2.4 times the price of their hotel stay at local restaurants, retail, attractions, nightlife, and arts. For example, if a visitor spends \$300 on a hotel stay, we can expect them to spend an additional \$660-\$720 in the local economy during their stay. Year-to-date, 1.7M overnight visitors to Bellevue have directly spent \$535M in Bellevue, generating a total economic impact on Bellevue of \$1.39B.

TPA Advisory Board

As outlined in the interlocal agreement between the Cities of Redmond and Bellevue, the City of Bellevue, as the designated legislative authority of the TPA, must establish an Advisory Board, which shall make recommendations regarding the use of any revenue from imposed charges.

The advisory board shall:

- review tourism promotion activities and expenditures designed to increase tourism and convention business with the TPA's two zones;
- review relevant financial statements concerning revenues and expenditures;
- provide periodic reports to Bellevue City Council, as the legislative authority, concerning TPA revenues and expenditures;
- develop a recommended annual strategic plan for lodging revenues by July 30 of each year;
- develop a recommended annual budget by July 30 of each year;
- provide an annual report to the Redmond City Council each year;
- review and recommend proposals for management agreements with Destination Management Organizations or other similar organization to provide for management and operation of the TPA;
- recommend qualified candidates to serve as representatives to the advisory board; and
- perform other duties as assigned by the legislative authority.

The advisory board shall also be comprised of representatives of lodging businesses subject to the charges and shall be an equal number from both the Bellevue and Redmond Zones.

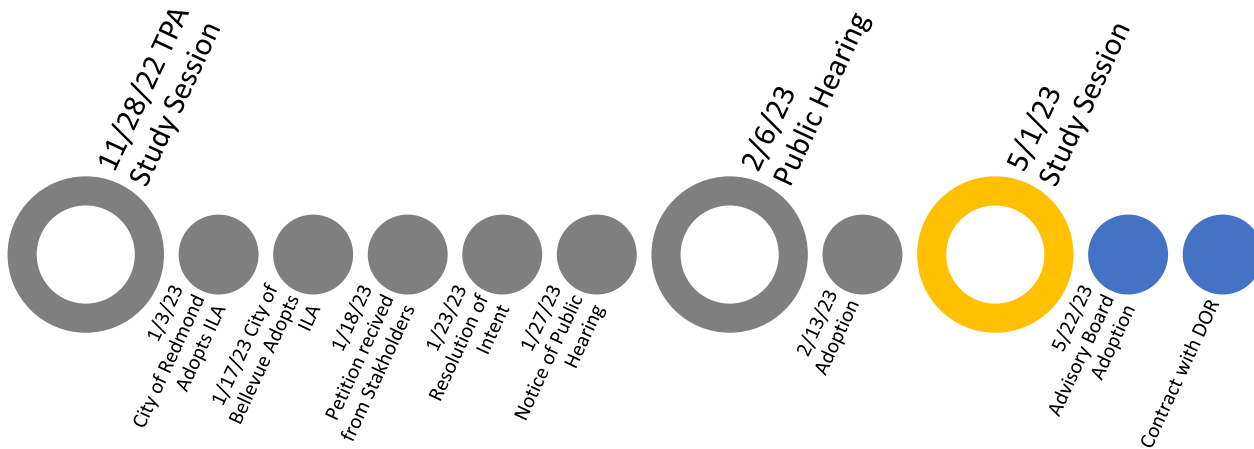
Proposed Code Amendments

Staff recommends two chapters be added to the city code to administer the TPA. See Attachment A.

The first chapter would be specific to the Advisory Board's operation. Staff recommends this first chapter be added to Title 3 BCC. The proposed text is largely consistent with other codes the Council has adopted concerning its advisory bodies, and it comports with all requirements unique to the Advisory Board as agreed in the interlocal with the City of Redmond.

Advisory board members shall be appointed and removed by the City Manager, and members will serve up to two, four-year terms.

The second chapter would be specific to the general administration of the TPA. Staff recommends this second chapter be added to Title 4 BCC. While the proposed text largely codifies key provisions of the interlocal agreement and the establishment ordinance (No. 6724), the chapter would serve to advise the public as to the existence of the TPA, explaining how revenues are collected and administered.



Recent Actions

On November 28, 2022, City Council directed staff to return with an interlocal agreement with the City of Redmond to facilitate the establishment of a TPA as required under RCW 35.101.040.

On January 3 and 17, 2023, the cities of Redmond and Bellevue executed the required interlocal, which designated the Bellevue City Council as the “legislative authority” for the proposed TPA.

On January 18, 2023, on behalf of the region’s Lodging Businesses, Visit Bellevue and Experience Redmond filed with the City Council an initiation petition, which contained all required elements.

On January 23, 2023, the City Council, as the designated legislative authority for the proposed TPA, adopted a resolution providing notice of intent to establish the TPA and scheduled a public hearing to receive evidence for and against its formation. Notice of the public hearing was published on January 27, 2023.

On February 6, 2023, the City Council held a public hearing on the formation of the TPA, during which only testimony in support for the TPA’s formation was provided by eligible ratepayers.

On February 13, 2023, the City Council approved an Ordinance adopting the TPA.

Next Steps

The City Council must formally establish an advisory board consistent with the interlocal agreement.

Upon Council direction, staff will return with the appropriate ordinance to formally establish an advisory board. Additionally, upon Council direction, staff will prepare an ordinance that amends the Bellevue City Code to include chapters specific to the TPA’s administration.

Collection

Fund collection is on track to begin on July 1, 2023. Collection is conducted by the Department of Revenue and remitted to the Legislative Authority two months after collection. The TPA Advisory Board

could recommend funding allocations to the Legislative Authority as early as September 2023.

POLICY & FISCAL IMPACTS

Policy Impact

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

Fiscal Impact

There is no fiscal impact associated with the proposed Ordinance. The projected revenue from the TPA, if established as proposed, is 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.

OPTIONS

1. Direct Staff to return with an Ordinance to establish an advisory board and adopt two chapters to the Bellevue City Code relating to the TPA's administration.
2. Provide alternate direction to staff.

ATTACHMENTS

- A. DRAFT Ordinance related to the administration of the BRTPA.

AVAILABLE IN COUNCIL LIBRARY

Ordinance 6724

Bellevue-Redmond Interlocal Agreement – Tourism Promotion Area

Economic Development Plan

Destination Development Plan