

BELLEVUE-REDMOND TOURISM PROMOTION AREA ADVISORY BOARD
SPECIAL MEETING
MINUTES

August 17, 2023
4:30 p.m.

Bellevue City Hall
Room 1E-113 / Virtual

MEMBERS PRESENT: Chairperson Dermarkarian, Melody Lanthorn, Cassandra Leiberman, David Nadelman, Rocky Rosenbach, Kim Saunderson

MEMBERS REMOTE: Wade Hashimoto

MEMBERS ABSENT: None

STAFF PRESENT: Manette Stamm, Lorie Hoffman, Lizzette Flores, Community Development Department; Brian Wendt, City Attorney's Office

OTHERS PRESENT:

MINUTES SECRETARY: Gerry Lindsay

I. CALL TO ORDER

A. Call to Order

The meeting was called to order at 9:00 p.m. by Cassandra Leiberman who presided. All members were present with the exception of Wade Hashimoto.

B. Election of Chair and Vice Chair

David Nadelman nominated Caroline Dermarkarian to serve as Chair.

Caroline Dermarkarian nominated David Nadelman to serve as Chair.

By a vote of 4-1, Caroline Dermarkarian was elected to serve as Chair.

David Nadelman nominated Wade Hashimoto to serve as Vice Chair.

Absent additional nominations, on a vote of 3-0 Wade Hashimoto was elected to serve as Vice Chair.

2. APPROVAL OF AGENDA AND MINUTES

A. Approval of Agenda

Motion to approve the agenda was made by David Nadelman. The motion was seconded was by Melody Lanthorn and the motion carried unanimously.

B. Approval of Minutes

There were no minutes to approve.

3. ORAL COMMUNICATIONS – None
4. ACTION, DISCUSSION AND INFORMATION ITEMS
 - A. Discussion - Governance

Assistant City Attorney Brian Wendt stated that since the establishment of a TPA was new to the residents of both Redmond and Bellevue, and since the advisory board was meeting was for the first time, a brief review of the TPA and the role of the advisory board. It was explained that a TPA is a statutory authorized mechanism by which local governments can collect revenues for the purpose of promoting tourism. Tourism is the fourth largest industry in the state and it has a vital impact on the health of the local economy. Accordingly, the state legislature has expressly authorized local governments to form tourism promotion areas to generate revenue for tourism promotion, collected from an assessment of lodging charges from lodging businesses with 40 or more units. A TPA is not, however, a separate legal entity and as such does not on its own accord have the authority to levy charges, receive or hold revenues, or enter into contracts. Those powers are entrusted to the legislative authority that supervises and administers the TPA.

A TPA can only be established after receipt of a petition from the effective lodging businesses requesting its formation, followed by a public hearing. In King County, a TPA must involve one or more jurisdictions under the interlocal agreement. Once established, however, state law allows for flexibility in administering TPAs. The legislative authority can levy charges up to a maximum of \$5 per room per night; may establish up to six zones, each of which can have its own rate; and may elect to create an advisory board and contract out its day-to-day operations to destination marketing organizations or similar entities.

Continuing, Brian Wendt explained that the Bellevue-Redmond TPA currently only allows for two zones: a Bellevue zone and a Redmond zone. The rate imposed is the same in each zone, which is a base charge of \$2.50 and an additional charge of fifty cents. An advisory board is required for the TPA through the interlocal agreement between the two cities. The Bellevue City Council under the interlocal agreement is established as the legislative authority and thus it is authorized to execute contracts and approve budgets.

There are several source materials pertinent to the work of the TPA. In priority order, the most important is the state statute found in RCW 35.101 which lays out the guardrails for TPAs across the state. Next is the interlocal agreement between Bellevue and Redmond, which in King County is a precondition to the formation of any TPA. The establishment ordinance, No. 6724, was adopted in February 2023 by the Bellevue City Council; it is the document that sets the boundaries for the TPA in the jurisdictions of Bellevue and Redmond, including the levies and charges the TPA is allowed to collect from lodging businesses, and the authorized uses to which the revenues can be applied. Ordinance No. 6724 is not codified and thus while it is publicly available, it can be difficult for the public to find. To that end, city code BCC 4.60 codifies the interlocal agreement, and BCC 3.100 is specific to the Bellevue-Redmond Tourism Promotion Area Advisory Board and addresses the business the TPA will be transacting, including the running of meetings.

Under state law, and as reflected in the interlocal agreement, the TPA is required to contract with the Department of Revenue (DOR) to help in the collection of the revenues collected and remitted by the lodging businesses back to the legislative authority. The current contract with the Department of Revenue is temporary and runs only to the end of 2024. Every TPA in the state is slightly different in light of the exemptions or carve-outs they have for certain lodging businesses with respect to the applicable charges, and it is becoming increasingly difficult for the DOR administer all of the contracts. When the Bellevue-Redmond TPA was established,

the DOR voiced concern over the various carve-outs not being expressly supported by an actual statute in RCW 35.101. Examples of carve-outs include stays relating to flight crews, or convention business under contract before the establishment of the TPA. The DOR wants to see specific statutory support for any carve-out memorialized in the interlocal agreement and the establishing ordinance. The DOR recognizes that it has not taken the same position with other TPAs, even those with the same carve-outs Bellevue and Redmond have. The compromise established between the city of Bellevue and the DOR was to draft a short-term contract, allowing time for the city to lobby for changes to RCW 35.101 to have explicit carve-outs. The other option would be to amend the establishment ordinance to keep carve-outs specific to those identified in RCW 35.101.

The final source material is the TPA's bylaws. Bylaws are intended to help with the day-to-day operations. The city attorney will be submitting bylaws to the TPA for discussion and adoption at a future meeting.

With regard to the advisory board itself, Brian Wendt stressed that it serves to advise the legislative authority, which is the Bellevue City Council. As part of the establishment of the TPA, the city of Redmond delegated to the Bellevue City Council the responsibility of serving as the legislative authority. As such, the Bellevue City Council has the power to contract, to receive and hold revenues and to allocate collected revenues for tourism promotion efforts, but it does that based on the input received from the advisory board. The TPA will review activities and expenditures to increase tourism and convention business; review financial statements showing monies coming in and going out; provide periodic reports to the legislative authority; development and recommend an annual strategic plan; development and recommend an annual budget; review and recommend management proposals; recommend candidates to serve on the board; and perform other duties as assigned.

The board is also subject to certain limitations, all of which can be found in BCC 3.100.080. The board is intended to serve in an advisory role, not an advocacy role unless expressly sanctioned and encouraged by the legislative authority. The does not have the authority to supervise staff or contractors, nor does it have the authority to enter into contracts. The board must work with and through the legislative authority.

In the near future the board will be focusing its work on budgets and strategic plans. The board members clearly are subject matter experts and as such will be providing advice and recommendations to the Council. The Council will value and rely heavily on the recommendations of the board. Where the Council has questions or concerns about a recommended budget, it can elect to refer it back to the board for additional work and answers to their concerns. Once the budgets and plans are adopted, the Council cannot modify them absent a recommendation from the board.

All meetings of the advisory board are subject to the Open Public Meetings Act. The Act requires all meetings and all actions to take place in a public forum and memorialized in a public record. Under the interlocal agreement, the board must meet quarterly at a minimum, though meeting more frequently is always an option. The board is tasked with adopting bylaws that are consistent with the Open Public Meetings Act and Bellevue city code.

Brian Wendt informed the board that the Bellevue city attorney is working to developing training and bylaws specific to the board; they will be the subject of a future meeting. The bylaws will ensure that all City Council requirements are observed. Staff can also be relied on to make sure there is compliance with the Open Public Meetings Act and city code. The training will be specifically for the Chair and Vice Chair.

The board's future actions relative to governance will include developing a budget and a strategic plan, which will occur in October. A review of and the adoption of bylaws is slated for October and November. Management contracts will be on the board's plate in December. Staff will be doing the day-to-day work until such time as there is a contract with a destination management organization or other similar entity. Prior to the end of 2024, the board will need to execute a new contract with the Department of Revenue.

Caroline Dermarkarian asked how much lead time will be needed to work on a new Department of Revenue contract. Brian Wendt said such contracts are fairly simple and can be contained on one or two pages. It will need to be specific with respect to carve-outs. If lobbying efforts are successful in resulting in legislation in support of the carve-outs, it should take no more than a month to draw it up. Otherwise, the establishments ordinance will need to be amended, and that will require a process that will take a month or two.

Lorie Hoffman suggested the board should discuss the issue fairly soon in order to have a clear path forward.

Melody Lanthorn asked what a carve-out is. Brian Wendt explained that currently there is a levy of \$2.50 per night per room in place for hotel and lodging businesses with 40 or more units. Carve-outs are exemptions to the charge. Under state law, they include things like medical stays. Other carve-outs could be stays by airline crews, or stays that are pre-contracted for event business.

B. Info – Management Options

Lorie Hoffman reminded the board that the City Council will need to approve a strategic plan and budget by December 31 in accord with the ordinance. To get to that will require some time. The actual day-to-day work needed to deliver on the strategic plan and the budget will not, however, be done by the board, rather it will be done via an administrative contract. The contracted party will be tasked with programming projects and events that advertise Bellevue and Redmond as destinations; attracting conventions; growing community festivals; promoting corporate visitation and meetings; expanding arts and culture events; and generally enhancing the visitor experience. All of those things drive overnight stays and increase economic activity in the region.

Four options were presented to the board, beginning with Option 1, directly receiving proposals for management agreements from Visit Bellevue and One Redmond. Lorie Hoffman noted that both organizations are recognized destination management organizations in the region and both are currently doing the work in their respective communities. Contracting with the organizations could be accomplished before the end of 2023. Option 2, directly receive proposals for management agreements from either Visit Bellevue or One Redmond, but not both, would also be implemented before the end of 2023. Option 3, request proposals for management via an request for proposals process, could attract additional management proposals, but it could not be completed prior to the end of 2023; it would extend into 2024. Option 4, electing not to solicit management proposals and directing staff to directly take on the management responsibilities, would not allow for implementation in 2023 given that additional staff would need to be brought on board and trained with regard to the local tourism environment.

Lorie Hoffman said the recommendation of the staff was to go with Option 1 given that it is a best practice. The organizations have local expertise. Visit Bellevue is a designated management organization by the City Council. Both have worked as partners through the entire process so far and could continue to work with other partners during the strategic planning and budgeting processes.

The selection of Option 1 would direct staff to work with the destination management organizations to development presentations for the board meeting on August 31. Selection of another option would require staff to take the time necessary to prepare a more robust plan.

A motion to recommend Option 1, to directly receive proposals for management agreements from Visit Bellevue and One Redmond, was made by David Nadelman. The motion was seconded by Cassandra Leiberman and the motion carried unanimously.

C. Info – Report on Revenues and Expenditures

Lizzette Flores explained that the collection of fees started on July 1, 2023. The fees are collected by the Department of Revenue and the first payments to the city of Bellevue will occur in September. The strategic plan and the budget will account for the funds from both zones separately, and the city of Bellevue is ready to accept the revenues and account for both zones independently. Staff will prepare and deliver a report on revenues and expenditures for each regular board meeting. Given that Bellevue is the legislative authority, all funds will remain with the city. The first revenue forecast will be available at the board's next meeting.

Cassandra Leiberman asked if there would be an opportunity down the road to revisit the approach. Lorie Hoffman said the interlocal agreement between Bellevue and Redmond can under state law have only one legislative authority. Brian Wendt added that the interlocal agreement is clear about making sure the monies generated from the two zones are accounted for separately. Additionally, funds generated in Bellevue must be used to promote tourism in Bellevue, and funds generated in Redmond must be used to promote tourism in Redmond.

D. Info – Timeline and Process

Lorie Hoffman allowed that there is quite a lot of work to be done in a fairly short time. Establishment of the TPA has been completed and the next step is to development a strategic plan and a budget before December 31, 2023. The first strategic plan and budget will be unlike the subsequent plans and budgets in that it will cover a 16-month period, the remainder of 2023 through December 2024. Development of the strategic plan and budget for 2025 will be completed by July 2024. Subsequent plans and budgets will also be due to the City Council by July 31 annually.

Given the amount of work to be done, the process will be front loaded, requiring the board to meet every two weeks in order to have a report of the board delivered by the City Council by October 16. While the timeline is tight, it is doable. The suggested meeting dates were August 31, September 14 and October 16. The presentations on August 31 will be by the destination management organizations around the buckets in the strategic plan. The conversation will inform the September 14 meeting discussion and the preparation of a strategic plan and budget for presentation to the City Council on October 16. A meeting will be scheduled in November to provide an update on the process and to address other housekeeping items, including approval of bylaws for the board. Contracts with the destination management organizations can be signed before the end of the year. Regularly scheduled meetings of the board will begin in the first quarter of 2024.

Each meeting in 2023 will be a special meeting. The difference between a special meeting and a regular meeting under the Open Public Meetings Act is spelled out by the bylaws. Before the bylaws are adopted, every meeting will be a special meeting. At a special meeting, agenda items cannot be added on the fly; they must adhere to the published agenda for the meeting. In a regular meeting, board members can add items to the agenda.

David Nadelman asked if board members are allowed to vote by proxy, noting that the first two meeting dates were problematic. Lorie Hoffman said the Council recently voted to amend the way city boards and commissions function. Where previously members could not participate remotely without having been given permission by the body at the previous meeting. Now those wanting to participate remotely can do so without prior approval. A total of three members can participate remotely. If a fourth member elects to participate remotely, they can do so but they will not count toward a quorum or be allowed to vote. Members should inform staff at least 24 hours in advance of a meeting about wanting to participate remotely.

David Nadelman noted the need to participate remotely for the August 31 meeting, adding that attending in any manner the September 14 meeting would not be possible.

Cassandra Leiberman asked if the dates are locked in and Lorie Hoffman allowed that they were not. Cassandra Leiberman noted not being able to attend on August 31.

Following discussion, there was agreement to move the August 31 meeting to August 29, and for the time being to hold the September 14 date.

E. Discussion – Development of Strategic Plan and Budget

Lorie Hoffman stressed that all funds collected must be spent on tourism promotion. Under RCW 35.101.010(4), “Tourism Promotion” is defined as 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.

In developing the strategic plan, the focus should be kept at a high level. It should think in terms of the big buckets of the user experience rather than ground-level workplans and contractor scopes of work. The buckets might include things like advertising, festivals and events, visitor experience, public relations, arts and culture development, convention attraction, reserves and the like. Context and examples can be provided within the buckets, but they should not run ahead of the contracting process.

Budget considerations should be in terms of percentages. Community Development staff will work with staff from the Office of Finance and Asset Management to development revenue forecasts before the board votes a final strategic plan and budget. The Department of Revenue will retain one percent of all fees collected as its administrative fee, though they are not limited by state law as to the percentage. Up to five percent can be retained by the city of Bellevue for administrative cost recovery. Any allocated reserves will be held in the respective accounts for each TPA zone at the city of Bellevue. The board can recommend future disbursements from the reserves as needed.

Kim Saunderson noted that Redmond envisioned having research and data as one bucket. That could make sense for both entities.

Caroline Dermarkarian asked if the two cities could in fact have different buckets. Lorie Hoffman allowed that they could but recommended aligning and correlating the buckets for each zone.

There was consensus to proceed in line with the proposal.

5. QUICK BUSINESS

A. Time for Next Meeting

There was agreement to schedule the next meeting for 9:00 a.m. August 29.

6. REPORTS

A. Board Committee and Lead Reports

It was noted that committees would likely be formed at the next meeting. Committees can have a maximum of three members to avoid quorum issues in accordance with the Open Public Meetings Act.

7. ADJOURNMENT

Caroline Dermarkarian adjourned the meeting at 10:22 a.m.