



## **City of Bainbridge Island**

# **Recommendations for 2018 Civic Improvement Fund Expenditures Lodging Tax Advisory Committee November 2017**

### **2018 Lodging Tax Advisory Committee (LTAC) (Appointed by City Council on June 20, 2017)**

Roger Townsend	(City Councilmember, Chair)
Michael Scott	(City Councilmember, Vice-Chair, Non-Voting)
Susie Burdick	(Eligible Recipient Organization Representative)
Dominique Cantwell	(Eligible Recipient Organization Representative)
Nancy Fortner	(Eligible Lodging Business Representative)
Patricia Nash	(Eligible Lodging Business Representative)

## Overview

The Lodging Tax Advisory Committee (LTAC) is established through Chapter 67.28 of the Revised Code of Washington (RCW) and is charged with reviewing and making recommendations to the City Council about the allocation of the Civic Improvement Fund (CIF). This special fund exists pursuant to City Code 3.65.040 through the collection of a tax on overnight lodging on the island.

In response to a Request for Proposals (RFP) issued by the City in September, the LTAC received 13 proposals for funding from the Civic Improvement Fund (CIF) for 2018 activities. The total amount requested was \$415,854. A complete proposal for each project reviewed by the LTAC is available on the City's website: [Lodging Tax Advisory Committee](#).

According to RCW 67.28.1816:

*The local lodging tax advisory committee must select the candidates from amongst the applicants applying for use of revenues in this chapter and provide a list of such candidates and recommended amounts of funding to the municipality for final determination. The municipality may choose only recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee.*

Twelve of the proposals were considered together by the committee during meetings in October. Another proposal (Bloedel Reserve – Marketing) was submitted on time in mid-September, but was missed by City staff in their monitoring of the City Administrative email account.<sup>1</sup> The staff error was discovered on October 24, which was one day after the LTAC had met to develop a 2018 funding recommendation on the other 12 proposals. Because the Bloedel proposal was submitted on time, it was determined that it deserved full review by the LTAC and so an additional meeting was scheduled for that purpose on November 6. This report presents the LTAC's recommendations as to how the tax proceeds should be distributed across all 13 proposals, including the Bloedel proposal that was considered separately.

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<sup>1</sup> As a result of this mistake, City staff have reviewed the internal procedures related to the City Administration email account and have made changes that are intended to prevent this type of error in the future.

## Eligibility

The State's requirements restrict the use of the fund to projects in the following categories:

- tourism marketing projects,
- marketing and operations of special events or festivals,
- the operation of tourism related facilities, or
- capital expenses for a tourism related facility.

The funding parameters for 2018 allow applicants to apply for grants between \$2,000 minimum and \$125,000 maximum. Additional eligibility requirements for 2018, as stated in the City's RFP, are as follows:

- Applicants seeking funding for capital expenditures for a tourism-related facility must be a municipality or a public facilities district created under Chapters [35.57](#) and [36.100](#) RCW.
- Applicants seeking funding for operating expenditures for a tourism-related facility must be a municipality or a public facilities district, or be recognized by the Internal Revenue Service as a nonprofit under 26 U.S.C. Sec. 501(c)(3) or 26 U.S.C. Sec. 501(c)(6).
- Applicants, other than municipalities or a public facilities district, must be registered with the Washington Secretary of State as a Washington State Corporation.
- Individual persons are not eligible for funding.
- For-profit, private businesses are not eligible for funding.
- Proposals must comply with federal, state, and City of Bainbridge Island laws and requirements.
- Proposals are to be for goods and services provided during calendar year 2018. Funding requests for goods or services to be provided in 2017 or beyond calendar year 2018 will not be considered. Funding may be used for expenses incurred during January 1 – December 31, 2018.
- Proposals from organizations with a board or staff member serving on the Lodging Tax Advisory Committee are not eligible for funding and will not be considered.
- Proposals involving special events, signs, building or construction, impacts to public property, or other activities that require permits under City code or state or federal law must demonstrate that the applicant has researched the appropriate permit regulations, confirmed the viability of the proposed activities, and incorporated permit fees in the project budget.

**Selection Criteria**

The LTAC used the following criteria in evaluating project proposals. Other relevant factors, such as availability of funds, may also have been used to guide the decision process.

<b>Lodging Fund Project Evaluation – Basic Criteria</b>
A. Encourages tourism from visitors traveling more than 50 miles, and from visitors traveling from outside Washington state or outside the country.
B. Expected impact on increase in overnight stays in paid accommodations on the island.
C. Expected increase in tourism. Tourism means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.
D. Potential to draw visitors to the Island and increase overnight stays during the off-season, October 1 until Memorial Day.
E. The applicant’s demonstrated history of organizational and project success, including but not limited to previous LTAC-funded projects.
F. The project reflects partnerships with other organizations and businesses, to encourage cooperative tourism marketing and minimize duplication of services.
G. The project goals and/or results can be objectively assessed.
H. The project will leverage award funds with additional matching funds or donated in-kind goods or services.

## Recommended Funding

The committee recommended funding awards for 2018 are presented in the following tables.

APPLICANT	PROJECT	REQUEST	AWARD
<b>Arts &amp; Humanities Bainbridge</b>	<b>Event Marketing &amp; Operations - Celluloid Bainbridge</b>	<b>\$8,000</b>	<b>\$7,000</b>
	Advertising/Marketing		
	Website		
	Graphic Design		
	Banners and Sign ups		
	Posters and Printing		
	Venues/Catering		
	Supplies		
	Honoraria		
<b>Bainbridge Arts &amp; Crafts</b>	<b>Marketing</b>	<b>\$5,700</b>	<b>\$5,000</b>
	Art Access - Six issues, \$200 per issue		
	Washington State Ferry Screens Twelve months, \$250 per month		
	The Stranger Arts & Performance Quarterly Four issues, \$380 for first issue + discounted pricing for subsequent 3 issues		
	Seattle Art Blog - One annual listing		
	In-house project management, writing, design		
<b>Bainbridge Island Chamber of Commerce</b>	<b>Advertising, Marketing &amp; Visitor Info Center</b>	<b>\$82,611</b>	<b>\$70,000</b>
	Visitors Bureau		
	Tourism, Marketing and Promotion		
	Celebrate Bainbridge		
	Visit Seattle Membership		
	Tourism Alliance		
	Website Development & Maintenance		
	Grand Old Fourth		
	Visitors Bureau Operations		
	Tourism Related Facility Operation		
<b>Bainbridge Island Downtown Assoc.</b>		<b>\$68,500</b>	<b>\$57,000</b>
	Visitors Bureau		
	Walkabout Guides		
	Tourism Alliance		
	Membership/Conference/ Main Street		
	Celebrate Bainbridge/July 3rd Street Dance		
	Holiday Promotions		
<b>Bainbridge Island History Museum</b>	<b>Facility Operations</b>	<b>\$15,373</b>	<b>\$15,000</b>

APPLICANT	PROJECT	REQUEST	AWARD
<b>Bainbridge Island Lodging Assoc.</b>	<b>Marketing</b>	<b>\$52,000</b>	<b>\$50,000</b>
	Brochure For Lodging Owners		
	Mailings, advertising, follow-up with lodging owners		
	Contract software for directory, calendar, & search		
	Develop calendar synchronization		
	Expand access to directory: link with tourism sites		
	Duplicate directory and imbed in tourism sites		
	Contract Jeff Logan: upgrade site name & design		
	Google placement ads & social media marketing		
	KVP in-kind membership trade		
	Revive Marketing Tools to promote Island travel		
	Blogging — 18 blogs		
	Itineraries — 5 two-day packages		
	Weekly Event Calendar — 12 issues		
	Cooperative Marketing with VKP		
	Promote quality lodging services		
	Quarterly Training & Networking		
	Resource Lists for local guest services		
	B2B Partnerships		
	Update website: restaurants & attractions		
	Maintain and add links and imbedded lodging lists		
	Develop and negotiate travel packages		
	Contract for local design services		
	Contract with VKP: radio, print, and digital ads		
	Social Media Advertising		
	Campaign development and management		
<b>Bainbridge Island Museum of Art</b>	<b>Marketing</b>	<b>\$20,000</b>	<b>\$10,000</b>
	Brochure advertising rentals		
	Direct Mail		
	Kitsap Business Journal Ad		
	Northwest Meetings and Events Ad		
	Seattle Met Bridge and Groom Magazine		
	EventEasy NW		
	Booth at Banquet and Event Show (NW Event Show)		
	Seattle Wedding Show		
	Kitsap Wedding Expo		
	New Website development		
	Facebook Ads		
	Visit Seattle Partner Eblast		
	Photography		
<b>Bainbridge Island Winery Alliance</b>	<b>Marketing</b>	<b>\$22,670</b>	<b>\$14,500</b>
	Marketing consultant: 20 hours a month = \$12K		
	Total Event Costs: \$2750		
	Facebook Advertising: \$10/month = \$120 + \$200 per WOTR event = \$800		
	Steamer Virginia V ship rental = \$7K		
<b>Bloedel Reserve</b>		<b>\$30,500</b>	<b>\$23,000</b>
	Flyer Distribution		
	Digital Ad Distribution		
	Digital Guest Book		
	Print Advertising		
	Transit Advertising		
	Marketing Staff Time		
<b>City of Bainbridge Island</b>	<b>Capital/Study re Wayfinding Signs</b>	<b>\$75,000</b>	<b>\$0</b>

APPLICANT	PROJECT	REQUEST	AWARD
<b>Friends of the Farms</b>	<b>Marketing of Harvest Fair</b>	<b>\$7,500</b>	<b>\$3,000</b>
	Bank Fees		
	Marketing		
	Shuttle Rental		
	Accounting		
	Printing		
<b>North Kitsap Tourism Coalition</b>	<b>Marketing/Video Production</b>	<b>\$10,000</b>	<b>\$9,500</b>
	Creative Design		
	Marketing Content Editor		
	Facebook Adds		
	Wine and Spirits		
	Printing		
	2 Videos Featuring BI		
<b>Visit Kitsap Peninsula</b>	<b>Marketing - participation in county-wide programs</b>	<b>\$18,000</b>	<b>\$9,000</b>
	<b>Total:</b>	<b>\$415,854</b>	<b>\$273,000</b>

**Total Funding Requested**

Per the 2018 RFP, the City Council approved up to \$250,000 in distributions. This amount of funding was selected based on forecasts of 2017 revenue available during Q1-2017. Due to the timing related to the LTAC consideration of the Bloedel Reserve proposal, the LTAC funding recommendation is for a total amount of \$273,000, and is \$23,000 higher than the funding identified by City Council earlier this year.

The current estimate for available funds at year-end 2017 is \$298,673. Approval of \$273,000 in awards would leave roughly \$25,000 balance in the fund. Remaining funds are combined with 2018 revenue to support activities in 2019. Please see the table below for additional detail on 2017 revenue estimates.

**ESTIMATED CIVIC IMPROVEMENT FUND (LTAC) BALANCE:**

As of November 28, 2017

	<b>as of Q1</b>	<b>as of Q4</b>
<b>Balance as of Jan 1, 2017</b>	\$252,673	\$252,673
<b>2017 Project Awards</b>	(\$200,00)	(\$200,00)
<b>Estimated 2017 Revenue</b>	\$ 200,000	\$ 246,000
<b>Estimated Balance as of 12/31/17:</b>	<b>\$252,673</b>	<b>\$298,673</b>