

*****VIRTUAL MEETING*****

AGENDA

CITY OF BOTHELL
LODGING TAX ADVISORY COMMITTEE
June 16, 2020 - 10:00 a.m.
City Hall, 18415 - 101st Ave NE
Conference Room 412

Pursuant to Governor Inslee's Stay Home, Stay Healthy Proclamation expiring on June 27, 2020, and in an effort to curtail the spread of the COVID-19 virus, this meeting will be conducted remotely.

To listen to the meeting:

- ❖ live by phone: 1.510.338.9438
- ❖ Meeting number (access code): 126 616 0816

Those wishing to provide comment in writing may do so by emailing denae.mcgee@bothellwa.gov by 3:00 PM June 15, 2020. Comments will be made part of the record.

CALL TO ORDER

ROLL CALL – Welcome new LTAC member, Joellen Kurtz, GM, Residence Inn, Bothell

APPROVAL OF AGENDA IN ORDER AND CONTENT

PUBLIC COMMENTS

SPECIAL PRESENTATION

BUSINESS ITEMS

1. Consideration of February 18, 2020 Meeting Minutes
Attachment A
2. City's Response to COVID-19
Attachment B

REPORTS FROM STAFF

REPORTS OF COMMITTEE MEMBERS

1. General Comments and Reports
2. Setting Future Meeting Agendas

ADOURNMENT

Attachment A

City of Bothell

Lodging Tax Advisory Committee (LTAC) Meeting Notes

February 18, 2020

Roll Call

PRESENT: Deputy Mayor Zornes, Chair; Brittany Caldwell; Laura

Lilley EXCUSED: Shawna Pitts

UNEXCUSED: Cathy Lalley; Nancy Pipinich

STAFF: DeNae McGee

There was not a quorum so the meeting adjourned.

Attachment B



Report to the LTAC

To: Bothell Lodging Tax Advisory Committee (LTAC) **Date:** June 9, 2020
From: DeNae McGee, Tourism Manager
Subject: Update on COVID-19 and impacts on LTAC Hotel/Motel Tax Revenue

ISSUE: The Hotel/Motel Tax revenues that LTAC receives from Bothell based hotels has been significantly impacted due to COVID-19 which affects reserve funds and program of work.

CONSIDERATION: To what extent does LTAC spend down its reserve funds and is the hotel/motel tax revenue forecasted a realistic projection to build a program of work for 2021/2022.

BACKGROUND: COVID-19 hit the Seattle area the first of March when residents at a Kirkland based retirement home tested positive for the virus. The City of Bothell immediately activated its Emergency Communication Center (ECC) to coordinate command decisions, resources, and public information on a strategic level. Within two-weeks of launching the ECC, City Hall was closed and all non-essential staff began working remotely from home in response to Governor Inslee's order to Stay Home, Stay Healthy. ECC continues to plan for changes in staffing, address personal protective equipment and cleaning supplies for first responders, and ensure delivery of essential services. To adjust to budgetary shortfalls, City leadership made the tough decision to lay off 15 employees, placed a hiring freeze on open positions, and furloughed staff four hours per week. How long this furlough will remain in effect is unknown at this time and will be implemented through closure of City Hall every other Friday starting June 12.

To say that the entire world has been devastated by this pandemic would be an understatement. And no industry has been hit harder than the travel and tourism industry with layoffs and closures occurring at airports, airlines, hotels, restaurants, and retail establishments around the world. According to the US Travel Association, this industry has hit a Depression level of impact with travel spending 84% below last year's levels and a workforce more than cut in half, once standing strong at 15.8 million American workers.

DISCUSSION: Bothell's LTAC too has been hit hard with projected hotel/motel sales tax revenues by year end at an all-time anticipated low of \$100,000, compared to the projected pre pandemic of \$400,000. This projection is based on revenue from January, February, and March of this year down 51% compared to first quarter revenue of past years.

Due to this reduction, the Hotel/Motel Tax Reserve Fund must be spent down to maintain a program of work. The Hotel/Motel Tax Fund is a separate fund than the City of Bothell's

Attachment B

General Fund. Where General Fund dollars are used for city essentials such as safety, streets, and utilities, the Hotel/Motel Tax Fund is a restricted fund and must be used for tourism marketing to drive overnight stays to Bothell hotels enhancing the economy for the Bothell community.

With Boards/Commissions/Committees across the state ordered to cancel their monthly meetings in March, April, and May, staff took action by reducing the adopted 2020 budget from \$499,636 to \$332,942 in anticipation of a loss in revenue. The 2020 Streetsense contract took the biggest hit from \$245,000 to \$122,500 impacting a marketing program of work and ultimately a guaranteed return on marketing investment. The Bothell Kenmore Chamber of Commerce contract was also reduced from \$30,000 to possibly \$17,900 with the closer of the Visitor Center (This amount may increase if the center reopens before year end). The funds dedicated to UW Bothell through LTAC's grant program remains intact. LTAC should discuss whether to shift these grant funds to the Streetsense contract, Chamber contract, or to build reserves in case the event is cancelled.

At the start of 2020, the **Ending Reserve Fund Balance** was anticipated to be \$532,036. With a reduced program of work, it is now estimated to be \$401,213. Staff is currently forecasting expenditures of around \$330,000 in 2021 and \$338,000 in 2022 to maintain a program of work and build reserves on into 2023.

Staff is pursuing additional revenue streams such as grants and a new offer to sell through Costco, both of which will be discussed in more detail at the upcoming meeting. It should be noted that the Tourism Manager's position is funded at seventy percent time using Hotel/Motel Tax Fund dollars. The remaining thirty percent time is dedicated to the management of the City of Bothell Arts Commission funded by the City's General Fund dollars.

Due to a Reserve Fund balance, LTAC can continue telling the Begin at Bothell story to help drive economic development for our community. Staff is hopeful that the draft budget for 2021/2022 (Attachment 1), along with potential additional revenue streams, enables LTAC to build reserve funds and maintain a program of work. Staff looks to this committee for input on the draft 2021/2022 LTAC budget attached. This budget will be presented to City Council in late June which gives this committee time to make adjustments to the draft budget if desired.

RECOMMENDED MOTION: No motion required. LTAC will discuss the draft 2021/2022 budget for eventual Council consideration and adoption.

ATTACHMENTS:

1. Proposed draft of LTAC's 2021/2022 Budget
2. 2019/2020/2021/2022 Reserve Fund Balance

Attachment B1

LTAC Account Description	2021 Budget	2022 Budget	2019 Actuals
Staff-Salary/Benefits	\$96,952.00	\$102,953.00	\$90,372.00
OFFICE SUPPLIES	\$0.00	\$0.00	\$361.71
OTHER OPERATING SUPPLIES	\$0.00	\$0.00	\$446.03
ATTRACTIVE EQUIPMENT	\$0.00	\$0.00	\$8,169.50
ADVERTISING/PRINTING	\$0.00	\$0.00	\$123,611.31
OTHER PROFESSIONAL SERVICES	\$414,504.00	\$408,399.00	\$25,700.00
PROF SVCS-WEB SITE	\$0.00	\$0.00	\$10,293.56
PROF SVCS-VISITOR SUPPORT	\$0.00	\$0.00	\$30,000.00
PROF SVCS-COMMUNITY GRANTS	\$0.00	\$0.00	\$10,000.00
PROF SVCS-HOLIDAY LIGHTING	\$0.00	\$0.00	\$7,715.33
PROGRAM MANAGEMENT	\$0.00	\$0.00	\$244,658.00
POSTAGE	\$0.00	\$0.00	\$319.00
BUSINESS MEALS	\$0.00	\$0.00	\$1,672.40
GENERAL EQUIP RENTAL	\$0.00	\$0.00	\$12.72
MEMBERSHIP DUES	\$0.00	\$0.00	\$1,325.00
M&O Subtotal	\$414,504.00	\$408,399.00	\$464,284.56
Total	\$511,456.00	\$511,352.00	\$555,306.56

Change to 2021	Change to 2022	Explanation of Change
\$110,802.00	\$117,660.00	80% tourism staffing; 20% arts commission staffing (General Fur This may change to 75% tourism staffing; 25% arts commission s
\$200.00	\$200.00	
\$200.00	\$200.00	
\$15,000.00	\$15,000.00	Print Ads, PNW Ale Trail Passport
\$15,000.00	\$15,000.00	WWC, Official Stay Partner
\$18,000.00	\$18,000.00	Crowdriff, Bandwango
\$30,000.00	\$30,000.00	Chamber
\$10,000.00	\$10,000.00	UW Bothell Block Party
\$8,760.30	\$8,760.30	Main St decorations & City Hall
\$122,500.00	\$122,500.00	Streetsense Contract
\$100.00	\$100.00	
\$100.00	\$100.00	
\$1,325.00	\$1,325.00	US Travel
\$221,185.30	\$221,185.30	
\$331,987.00	\$338,845.00	

id-not LTAC fund)
staffing (furlough)

Attachment B2 2019/2020 Tourism Reserve Fund Pre COVID-19



2019 Reserve Fund

Beginning Reserve Fund Balance	\$766,313.42
Year to Date Revenue	\$396,564.94
Upcoming Estimated Revenue – Dec*	\$20,000.00
Expenditures – Includes previous contract-new brand/website	(\$531,206.42)

Estimated Ending Fund Balance	\$631,671.94
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2020 Reserve Fund

Estimated Beginning Fund	\$631,671.94
Revenue Fund Forecast	\$400,000.00
Total LTAC Spending Plan	(\$499,636)

Estimated Ending Fund Balance	\$532,035.94
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2020/2021 Projected Reserve Fund Post COVID-19



2020 Reserve Fund

**Beginning Reserve
Fund Balance** **\$631,672**

Year to Date Revenue **\$38,106**

**Upcoming Estimated
Revenue** **\$64,377**

Expenditures **(\$332,942)**

**Estimated Ending
Fund Balance** **\$401,213**

2021 Reserve Fund

Estimated Beginning Fund **\$401,213**

Revenue Fund Forecast
Hotel/Motel Tax (\$200,000) **\$300,000**
PNW Ale Trail (\$50,000)
Sno Co Grant (\$50,000)

Total LTAC Spending Plan **(\$331,987)**

**Estimated Ending
Fund Balance** **\$369,226**

2021/2022 Projected Reserve Fund Post COVID-19



2021 Reserve Fund

Beginning Reserve Fund Balance	\$401,213
Potential Revenue	\$300,000
Expenditures	(\$331,987)

Estimated Ending Fund Balance	\$369,226
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2022 Reserve Fund

Estimated Beginning Fund	\$369,226
Revenue Fund Forecast	\$350,000
Total LTAC Spending Plan	(\$338,845)

Estimated Ending Fund Balance	\$380,381
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