



## CITY OF BLAINE

COMMUNITY DEVELOPMENT SERVICES DEPARTMENT

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# September 21, 2021 BTAC Meeting Cover Memo

## *Department Report and Recommendations*

To: Blaine Tourism Advisory Committee

From: Alex Wenger, AICP, Economic Development & Tourism Coordinator

Date: September 20, 2021

Re: **BTAC Grant Applications & the City's Preliminary 2022 Lodging Tax Budget**

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### Summary

The Community Development Services Department (CDS or “the Department”) is providing this memorandum in advance of the Blaine Tourism Advisory Committee (BTAC) meeting scheduled for September 21, 2021 at 8 AM. The meeting will include deliberations on BTAC grant applications (**Attachment 1**) and the City's preliminary lodge tax budget for 2022 (**Attachment 2**).

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### BTAC Grant Applications

The City of Blaine uses lodging taxes to support and grow the tourism industry. These efforts include providing grant funding, marketing and operational support for special events and festivals; providing funding for the operations and management of the Visitor Information Center and the Blaine Welcome Center; supporting the operations and capital expenditures of City's tourism program and marketing plan, and supporting the operations of tourism-related facilities of non-profit organizations.

The City of Blaine BTAC Grant application window closed last Thursday, September 16<sup>th</sup> at 4pm. The City received the following grant five applications:

1. Blaine Harbor Music Festival - \$5,000
2. Wings Over Water NW Birding Festival - \$3,000
3. Spring Artist Studio Tour - \$3,000
4. Fourth of July Celebration - \$15,000
5. Chamber Executive Director - \$20,000 (*Included as operation expense in preliminary budget*)

Total Requested: \$46,000

The City Council passed Resolution 1793-20 in 2020 to establish a policy to guide the City's disbursement and use of lodging taxes fund and to recognize the value, benefits and diversity that tourism brings to

the community. BTAC should consider the following four primary grant criteria when reviewing the information provided on the individual grant applications.

***BTAC grant criteria<sup>1</sup>***

1. The proposal enhances tourism and supports the tourism related goals in the Blaine Tourism Marketing & Development Plan while being consistent with City Council policy;
2. The proposal will result in increases to people staying overnight, traveling over 50 miles or more, or coming from another state or country, or promotes the City’s tourism program;
3. The proposal can demonstrate proof of fund-raising efforts intended to minimize continued reliance on lodging tax funding, thereby enabling the more effective and long-term utilization of the lodging tax funds to enhance the community’s vitality through tourism;
4. The proposal avoids a duplication or overlap of services or programs;

The City’s policy also requires that BTAC grants are efficiently and effectively managed; use conventional accounting methods and be able to provide a means for the City to track the use of funds obtained from the grant program; requires the recipient to provide all the required reporting information as provided in Chapter 67.28 RCW; and the submittal of a complete grant application with all supporting documentation as may be required by the BTAC. The City ensures these requirements are met by completing a financial assistance agreement with the recipients approved by City Council.

**Preliminary Lodging Tax Budget**

Following the approval of Resolution 1793-20, and in consideration of the recent reduction of the City’s Lodging Tax Reserve, the City of Blaine Finance Committee made a motion to direct CDS to develop a financial policy to guide BTAC’s recommendations for the use of lodging tax funds<sup>2</sup>. The Finance Committee and City Council both expressed an interest in designating funds for future capital expenses. BTAC reviewed and unanimously voted to recommend approval to City Council on June 8, 2021 of Table 1 – Budget Allocation for Lodging Tax Fund.

<b>Table 1 - Budget Allocation for Lodging Tax Fund</b>		
<b>Operation/Expenditure</b>	<b>Description</b>	<b>Percentage</b>
CDS Operations	Operations and management of the City’s tourism program (non-events), including Historic Plover Passenger Ferry	80%
Events	Grant awards for events and festivals that attract tourists.	10%
Marketing	Advertising/Promoting Blaine.	5%
Capital	Expenditures for tourism-related facilities owned or planned by the City.	4%
Committee Priorities	As determined by Council.	1%
<b>Total</b>		<b>100%</b>

<sup>1</sup> Excerpt from Section 3 – Resolution 1793-20

<sup>2</sup> On October 8, 2020, motion passed by the City of Blaine Finance Committee to direct CDS to develop a financial policy to guide BTAC’s recommendations for distribution of lodging tax funds.

The Budget Allocation policy establishes percentages for categories in the City’s budget while balancing revenue with expenses. The lodging tax fund is utilized in following five different categories:

- CDS Operations - including leasing and management of the Blaine Welcome Center and Visitor Information Center, operations and maintenance of the Historic Plover Passenger Ferry, CDS staff support, utilities, communications, travel & training, office & operating supplies, and professional services. The Department recommends including the Chamber of Commerce Executive Director in this category.
- Marketing – including advertising in digital and printed media, Blaine by the Sea productions, promotional flyers, and advertising and promotional partnerships, such as Bellingham/Whatcom Tourism.
- Capital – Physical improvements that are linked to tourism promotion. These funds may need to accumulate over time to fund or help fund new improvements. Projects must be identified in the City’s Capital Improvement Plan.
- Events - Grant awards for events and festivals that attract tourists and related production of such events.
- Committee Priorities – Special project such as murals or street banners that are recommended by BTAC and approved the City.

### *2022 Budget*

The CDS Department has coordinated a preliminary 2022 City lodging tax budget (**Attachment 2**) with direction from the City’s Finance Director. This includes \$210,000 in projected lodging tax revenue for 2022 with an estimated starting lodging tax reserve of \$90,000. The total potential revenue in 2022 is \$300,000. The proposed 2022 City lodging tax budget is \$260,919. The percentages to each category identified in the budget allocation policy are as follows:

<b><u>Financial Policy Categories</u></b>		
Operations	\$201,419	77.2%
Events	\$26,000	10.0%
Marketing	\$20,500	7.9%
Capital	\$10,400	4.0%
Committee Priorities	\$2,600	1.0%
<b>Total</b>	<b>\$260,919</b>	<b>100.0%</b>

Please note this includes funding the Historic Plover Passenger Ferry and Blaine Chamber of Commerce Executive Director position as Operation expenses. The Department’s budget recommendation also includes fully funding the BTAC grant applications, establishing a new fund for Capital projects, and establishing funds for Committee Priorities that can be decided at a later time.

## Department Recommendation

BTAC has several to options to complete the review and recommendation of the BTAC grant applications and preliminary budget.

Option 1 – Review the BTAC grant applications and preliminary 2022 budget at the September 21<sup>st</sup> meeting and make a motion to recommend approval as drafted. In light of the Committee’s familiarity with the proposed events, BTAC could consider recommending approval of the grant applications and request the recipient provide a “report” to the Committee in the months leading up to the actual event and forgo further presentations.

Option 2 – Review the BTAC grant applications and preliminary 2022 budget at the September 21<sup>st</sup> meeting and make a motion to recommend approval of the preliminary 2022 budget subject to final grant recommendations. BTAC should then make a second motion to direct the Department to schedule interviews with the selected BTAC grant applicants for October 12<sup>th</sup> or an alternative meeting time. This option essentially approves the proposed lodging tax budget and schedules presentations with the BTAC grant applicants.

Option 3 - Review the BTAC grant applications and preliminary 2022 budget at the September 21<sup>st</sup> meeting and direct the Department to coordinate changes with the City Finance Director and provide an amended budget to BTAC at the next meeting scheduled for October 12<sup>th</sup>. BTAC should make a second motion to either approve or direct the Department to schedule interviews with the selected BTAC grant applicants for October 12<sup>th</sup> or an alternative meeting time.

The Department recommends Option 1 and that BTAC recommend the City Council consider approval of the proposed 2022 lodging tax budget and BTAC grant requests. A voting member of the BTAC may consider a motion such as; *“I move to recommend approval to City Council of the proposed 2022 lodging tax budget and BTAC grant applications”*. If the motion is seconded by a BTAC voting member, there can be discussion by the entire committee. Following discussion, if any, the Chair should call for a vote.

### Next Steps

The BTAC Recommendation will be provided to the Blaine City Council for consideration with the City’s budget proposal later in the year. The Council will adopt the 2022 budget and make a final decision on the BTAC grant applications.

This memorandum and all supporting documentation are available on the city website:

### List of Attachments

1. BTAC grant applications
2. Draft 2022 Lodging Tax Budget