



MEMORANDUM

To: The Whatcom County Council
From: Jake Logan, Administrative Services Coordinator – Executive's Office
Clerk of the Whatcom County Lodging Tax Advisory Committee
Subject: 2026 Lodging Tax Advisory Committee Funding Recommendations
Date: 11/5/2025

Council Action Requested:

The Executive's Office requests County Council approve the attached resolution authorizing allocation of \$3,568,390 from the Lodging Tax Fund for 2026 tourism-related activities as recommended by the Lodging Tax Advisory Committee (LTAC). The Lodging Tax is also known as the Convention Center Fund internally.

Council's Authority:

Washington State law (RCW 67.28.1816 and 67.28.1817) establishes the framework for lodging tax revenue allocation. The LTAC serves in an advisory capacity to review applications and make funding recommendations. The County Council holds final approval authority over these recommendations.

Under state law, the Council has a binary choice: approve or disapprove the LTAC's recommendations as presented. The Council cannot modify a recommendation by adding recipients or changing recommended amounts, but may decline to approve specific recommendations.

All funding must be used for tourism-related purposes as defined in RCW 67.28, including tourism promotion, acquisition or operation of tourism-related facilities, and tourism marketing activities that increase overnight stays and economic activity.

LTAC Process and Recommendations

The Whatcom County Lodging Tax Advisory Committee met on October 13 and October 15, 2025, to review funding applications for the 2026 program cycle. The Committee reviewed thirty-one (31) applications requesting \$3,704,145 and recommends funding for twenty-two (22) of those applications for a total allocation of \$3,568,390.

Deliberations were guided by the five funding priorities established in 2024, which emphasize supporting the regional destination marketing organization, chambers providing visitor services, year-round tourism organizations, infrastructure enhancements, and festivals/events in unincorporated areas that generate overnight stays.

Fund Position and Budget

The Lodging Tax Fund has demonstrated significant growth and financial strength over recent years. The fund balance currently stands at just under \$6 million as of 2025. Revenue growth has been substantial, increasing from approximately \$600,000 in 2020 to a projected \$1.6 million in 2025— more than doubling over the past five years. This growth has been supported in part by improved lodging tax compliance by short-term rental platforms and operators.

The Committee engaged in careful financial analysis during their deliberations and considered current market conditions. The Committee discussed that in their most recent data it is clear that lodging revenue is not performing at quite same level as 2024, with both occupancy rates and average daily rates declining in recent months countywide. While 2026 revenue projections may be marginally lower than 2025, the Committee determined that the substantial fund balance and multi-million-dollar reserve provide the financial capacity to accommodate strategic tourism infrastructure investments that will serve the community, while continuing to support the operational tourism promotion and event activities that generate more immediate returns in lodging tax revenue.

Funding Recommendations

Tourism Promotion & Chambers: \$848,000

The Committee funded six established tourism promotion entities providing year-round visitor services, including Bellingham/Whatcom County Tourism (\$250,000), Birch Bay Chamber (\$240,000), Mt. Baker Chamber (\$256,000), and three smaller chambers and tourism partners.

Events and Festivals: \$275,500

The Committee reviewed 18 event applications and funded 12 events totaling \$275,500, including North Cascades Bluegrass Festival (\$35,500), Sustainable Connections (\$45,000), Whatcom Events (\$50,000), and Bellingham Scottish Gathering (\$25,000). The Committee emphasized selecting events with demonstrated tourism impact and track records of generating overnight stays. The average event application funding amount was \$22,958.

Capital Projects: \$2,384,890

This is the first-year capital projects have been established as a distinct funding category. Under RCW 67.28.1816, lodging tax funds may be used for "supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district." This requirement ensures that public investment in infrastructure remains in public hands and serves tourism purposes over the long term. All three capital projects recommended by the Committee meet this statutory requirement. The Committee approved the following three significant infrastructure investments:

- [Birch Bay Beach Park Phase I Construction](#) (\$1,800,000): Long-planned project to provide restrooms, parking, and community open space. The county has secured 58% of necessary funds, including a recent \$500,000 RCO grant, and this allocation completes the funding package.
- [Glacier Restroom Improvements](#) (\$475,750 capital + \$36,000 ongoing maintenance): Renovation of existing restroom facility along Mt. Baker Highway serving approximately 1.5 million annual visitors, with enhanced accessibility and site improvements.
- [Ferndale Youth Sports - Northwest Field Renovations](#) (\$109,140): Includes \$59,140 for infield improvements to Phillips 66 baseball fields, plus a \$50,000 budget hold for fencing, netting, and bleachers contingent upon submission of a complete supplemental grant application.

Links to the grant applications for each of these three Capital Projects are hyperlinked in their respective titles – or can be obtained by emailing jlogan@co.whatcom.wa.us

Administrative Costs: \$60,000

The Committee approved a **not-to-exceed** amount of \$60,000 for administrative costs associated with managing the LTAC program and its projects.

Key Discussion Points

The Committee noted that establishing clear funding priorities has made the deliberation process more structured and transparent. Committee members expressed that having established policies helped guide difficult but consistent decision-making which has enabled the fulfillment of these more far-sighted projects.

Recommendation

The Executive's Office recommends County Council approve the attached resolution authorizing allocation of \$3,568,390 from the Lodging Tax Fund for 2026 tourism-related activities as recommended by LTAC.

Attachments:

- Resolution (2026 LTAC Funding Allocations)
- Attachment A: Detailed Funding Allocations
 - LTAC Meeting Minutes: October 13, 2025
 - LTAC Meeting Minutes: October 15, 2025
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