



INFORMATIONAL MEMORANDUM

TO: **Planning and Community Development**

FROM: **Brandon Miles, Business Relations Manager**

CC: **Mayor Ekberg**

DATE: **May 25, 2021**

SUBJECT: **Lodging Tax Funding Requests**

ISSUE

Review of a lodging tax funding request from the City of Tukwila, Office of Economic Development for the 2021 USA Rugby 7s National Championship.

BACKGROUND

The City collects a 1% lodging tax on certain qualifying overnight stays in paid accommodations (hotels/motels/Airbnb) in the City. State law limits the use of these funds to tourism promotion¹. There is currently just over \$1 million in lodging tax funds available for use.

The City's Lodging Tax Advisory Committee (LTAC) reviews all requests for use of lodging tax funds. LTAC then forwards a list of recommended applications to the City Council for its review and consideration. If LTAC does not recommend an application be funded, that application is not forwarded to the City Council. The City Council may approve or deny any of the applications recommended by the LTAC. The City Council may also approve an application and increase or decrease the dollar amount awarded².

The City accepts applications on a rolling basis, with the LTAC reviewing requests monthly.

Pending Applications

Following its April 9, 2021 meeting, LTAC recommended approval of a lodging tax request from the City of Tukwila Office of Economic Development not to exceed \$10,000 to sponsor and help host the 2021 USA Rugby 7s National Championship to be held at Starfire Sports.

¹ RCW 67.28.080 (6) defines "tourism promotion" as "...activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourists."

² On August 17, 2016, the Washington State Attorney General's Office issued an informal opinion regarding whether a municipality could change the dollar amounts recommended by the local lodging tax advisory committee. Specifically, the informal opinion states:

"When awarding lodging tax revenues pursuant to RCW 67.28.1816(2)(b)(ii), a municipality may award amounts different from the local lodging tax advisory committee's recommended amounts, but only after satisfying the procedural requirements of RCW 67.28.1817(2), according to which the municipality must submit its proposed change to the advisory committee for review and comment at least forty-five days before final action on the proposal."

1. City of Tukwila, 2021 USA Rugby 7s National Championship (Not to Exceed \$10,000)

Since the Seattle Seawolves began playing at Starfire Sports in 2018 the City of Tukwila has slowly been building its rugby brand. The goal of Economic Development staff is that Tukwila is considered the epicenter of rugby in the Pacific Northwest, similar to how Tukwila is viewed for soccer.

In early 2020 Economic Development staff reached out to the Washington Athletic Club (WAC), the defending rugby 7s national champion, on a possible partnership and developing rugby events to bring to the region. Unfortunately, COVID-19 impacted a partnership moving forward in 2020. The WAC is currently working to bring the 2021 USA Rugby 7s National Championship to Tukwila in August of 2021. This event will bring in teams from across the country, with an estimated attendance of 300 people. A youth event may also be added to the August event.

The goal with the sponsorship is to ensure that Tukwila hotels get the room nights generated from the tournament, estimated to be between 500 to 700. In addition, the sponsorship will provide the opportunity for the City to promote things to do in the City for participants. The event will also help to build the City's rugby brand.

LTAC Recommendation on Application: Do Fund

Staff Recommendation on Application: Do Fund

FINANCIAL IMPACT

The total request for lodging tax funds is not to exceed \$10,000.00. Staff will work to negotiate a scope of service and the final amount for the sponsorship may be below \$10,000. No general fund dollars will be used. The six-year Tourism Financial Plan approved by the City Council in December of 2020 allocated a total of \$150,000 in lodging tax funding for sponsorships in 2020.

2020 Tourism Six-Year Financial Plan Allocation	
Sponsorships:	\$150,000.00
Global to Local Request (Already Approved):	(\$5,000.00)
City of Tukwila, Juneteenth Event (Already Approved)	(\$5,000.00)
City of Tukwila, Seawolves Partnership (Already Approved)	(\$20,000)
City of Tukwila, Rugby 7s (Pending with Council)	(\$10,000)
Remaining Sponsorship Funds:	\$110,000.00

RECOMMENDATION

Staff recommends that the Committee approve the funding request and forward the request to the June 21, 2021 consent agenda.

ATTACHMENTS

1. City of Tukwila, Staff Report to Lodging Tax Committee, Rugby 7s
2. City of Tukwila, Lodging Tax Application, Rugby 7s

Staff Memorandum

Lodging Tax Advisory Committee Funding Request

Name of Applicant:

City of Tukwila

Address:

6200 Southcenter Blvd.
Tukwila, WA 98188

Total Funds Requested:

Not to exceed \$10,000

About the Applicant:

The City of Tukwila is a non-charter City organized under the laws of the State of Washington. Founded in 1908, Tukwila is one of the oldest cities in King County. Since its founding, Tukwila has always been a community at the “crossroads.” Tukwila lies at one of the busiest freeway interchanges in Washington State. The City has a small bedtime population of just under 20,000. During the day the City’s population swells to over 150,000 people, with people coming to the City to work, shop, dine, stay in hotels, and to visit once in a life time experiences, such as the Museum of Flight or iFly.

The City is one of the most diverse cities in the country. Over 70 languages are spoken in the Tukwila School District. Many well-known businesses are based in Tukwila, such as BECU, Westfield Southcenter, Seattle Seawolves, Seattle Sounders FC, Top Pot Donuts, Pop Gourmet, and the Sabey Corporation. The City has over 2,000 hotel rooms and over 100 restaurants

Funds Previously Awarded:

None for this event. The City has previously been provided funds for a variety of activities.

Funding Request Narrative:

The City of Tukwila is requesting lodging tax funds to sponsor the 2021 Men’s and Women’s Rugby 7 National Championships to be held August 14 and 15 at Starfire Sports. The Championships will bring in teams from across the United States and will be the first games held since 2019. The pandemic caused the cancelation of the games in 2020.

Staff Comments:

With the growth of rugby and the commencement of Seawolves games in Tukwila in 2018, the City has an opportunity to grow its rugby brand nationally. The following are the benefits of this event:

- Could generate over 700 room nights in the City over three nights. The sponsorship agreement will allow the City to ensure that the Tukwila hotels can capture these room nights.
- Builds a relationship with USA Rugby and other rugby groups in the Pacific NW to help secure future rugby events in the City.
- Helps with branding the City as a rugby destination.
- Ability to amplify our marketing to participants and promote things to do for participants and their family members.

Consistency with Six Year Financial Model:

For 2021, the Six Year Financial Plan shows the City spending \$150,000 for sponsorship, such as this. There will be sufficient funds remaining in the budget for other 2021 sponsorships.

Sponsorship Funds Provided in Six Year Financial Plan:	\$150,000
Spice Bridge Request (approved)	(\$5,000)
Juneteenth Request (approved)	(\$5,000)
Seawolves (approved)	(\$20,000)
<u>City of Tukwila, Rugby 7 (pending)</u>	<u>(\$10,000)</u>
Remaining Funds:	\$110,000

Note, the total amount of this sponsorship will not exceed \$10,000. The exact amount could be lower as we negotiate the final scope.

City of Tukwila Staff Recommendation to LTAC: Approval

Notes:
None.

Application to the City of Tukwila for Use of 2021 Lodging Tax Funds

Event or Activity Name (if applicable):	2021 National Rugby 7 Sponsorship
Amount of Lodging Tax Requested:	Not to Exceed \$10,000
Applicant Organization:	City of Tukwila
Federal Tax ID Number:	91-6001519
Mailing Address:	Office of the Mayor 6200 Southcenter Blvd Tukwila, WA 98188
Primary Contact Name:	Brandon Miles
Primary Contact Phone:	206-431-3684
Primary Contact Email Address:	Brandon.Miles@Tukwilawa.gov

Check all the service categories that apply to this application:

Tourism promotion or marketing.

Operation of a special event or festival designed to attract tourists.

Operation of a tourism-related facility owned or operated by a non-profit organization.

Operation and/or capital costs of a tourism-related facility owned by a municipality or a public facilities district.

Check which one of the following applies to your agency:

Non-Profit (Note: Attach a copy of your current non-profit corporate registration from the Washington Secretary of State Office)

Municipality

For Profit Corporation

I am an authorized agent of the organization/agency applying for funding. I understand that:

- I am proposing a tourism-related service for 2021. If awarded, my organization intends to enter into a services contract with the City; provide liability insurance for the duration of the contract naming the City as additional insured and in an amount determined by the City; and file for a permit for use of City property, if applicable.
- My agency will be required to submit a report documenting economic impact results in a format determined by the City.

Signature: /s/

Date: May 11, 2021

1) Describe your tourism-related activity or event.

The 2021 USA National Rugby 7s Championship.

The Washington Athletic Club (WAC) and other local rugby groups are working to bring the 2021 USA Men's and Women's National Rugby 7s Championship to the Pacific Northwest in August at Starfire Sports. This event will feature rugby teams from throughout the United States for a weekend of competition and fun. The event is currently an adult only event but may also expand to include a youth tournament as well. It is estimated that over 300 people will be attending for two days and three nights.

Rugby 7s is played on the same size field at a traditional 15 aside rugby match. With fewer player and more space the game is fast paced and high scoring.

1) If an event, list the event name, date(s), and projected overall attendance.

The tournament is scheduled for August 14 and 15.

Over 300 attendees for an adult only tournament. If the youth tournament occurs, the total attendance could be around 500 attendees.

2) Is your event/activity/facility focusing on attracting overnight tourists, day tourists, or both?

Both, with a large number of visitors coming from out of the area and flying in for the tournament.

3) Describe why visitors will travel to Tukwila to attend your event/activity/facility.

This is an established tournament that has been in operation since the mid-1980s. Tukwila is home to one of the few facilities able to host a rugby tournament of this size. USA Rugby will promote the tournament to teams throughout the United States.

4) Describe the geographic target of the visitors you hope to attract (locally, regionally, nationally, and/or internationally).

For team attendance the event will be marketed by USA Rugby nationwide. In 2019, 16 men's teams and 16 women's teams attended the three-day tournament. Due to COVID-19, no event was held in 2020. The number of teams attending this year may be expanded.

The City and the local promoters will promote the event locally to help draw fan attendance, subject to COVID-19 restrictions.

5) Describe the prior success of your event/activity/facility in attracting tourists.

This event has been in operation for nearly 35 years. USA Rugby and WAC have success in organizing large sporting event, such as this. The tournament will bring teams in from throughout the United States.

6) If this your first time holding the event/activity/facility provide background on why you think it will be successful.

N/A

7) Describe the media strategy you employ to promote your event/activity/facility to attract overnight and/or day tourists? Please list any digital or print media (newsletters, e-blasts, social media, etc.) your agency uses or intends to use to promote your event/activity/facility.

USA Rugby will promote the tournament to men and women rugby teams nationwide. The City will promote the tournament in the greater Seattle area to draw fans to the games and to brand the City as the epicenter of rugby in the Pacific NW.

8) Describe how you will promote lodging establishments, restaurants, retailers, and entertainment establishments in the City of Tukwila.

The event organizers will be required to select a Tukwila hotel or hotels to be the official lodging business(es) for the tournament. Through the Experience Tukwila brand the City will promote offerings of things to do, such as restaurants and shopping, to the teams and their family members traveling with them to the tournament.

9) Is the City able to use your digital and print media for collaborative marketing?

Yes.

10) Describe how you will use the name, "Tukwila" in publications, promotions, and for your event?

Nationally, the tournament will be marked as being in Seattle, but will use a Tukwila address.

11) Measurements and Metrics (Note: You will be required to report these metrics as part of the close out of the agreement between your organization and the City.)

As a direct result of your proposed tourism-related service, provide an estimate of:	
a. Overall attendance at your proposed event/activity/facility.	2,000 over two days, includes fans and participants.

b. Number of people who will travel fewer than 50 miles for your event/activity.	1,000 over two days, includes fans and participants.
c. Number of people who will travel more than 50 miles for your event/activity.	300 to 500.
d. Of the people who travel more than 50 miles, the number of people who will travel from another country or state.	300 to 500.
e. Of the people who travel more than 50 miles, the number of people who will stay overnight in Tukwila.	300 to 500.
f. Of the people staying overnight, the number of people who will stay in PAID accommodations (hotel/motel/bed-breakfast) in Tukwila.	300 to 500.
g. Number of paid lodging room nights resulting from your proposed event/ activity/facility (<i>for example: 25 paid rooms on Friday and 50 paid rooms on Saturday = 75 paid lodging room nights</i>)	450 to 750 Assuming two people per room and three nights.

12) What methodologies did you use to calculate the estimates and what methodologies will you use to track outcomes, such as total participants, estimated visitor spending, etc?

The event organizer will be required to contract with a Tukwila hotel or hotels for the event. The city will confirm the final actual room county following the conclusion of the tournament.

The City will also work with the event organizers on a follow up survey to track other outcomes, such as total estimated spend and overall quality of the visit and experience.

13) Are you applying for lodging tax funds from another community? If so, which communities and in what amounts?

No.

14) Are you applying funding from Seattle Southside Regional Tourism Authority (SSRTA)? If so, in what amount?

No.

15) What is the overall budget for your event/activity/facility? What percent of the budget are you requesting from the City of Tukwila?

The estimated budget for the event is \$30,000 to \$40,000. The City is estimating that our sponsorship will be between \$5,000 and \$10,000, depending on a number of factors, such as the total tournament size and whether a youth component is added.

16) What will you cut from your proposal or do differently if full funding for your request is not available or recommended?

The event would likely occur even without a sponsorship; however, the City would not be able to secure an official hotel for the event. In addition, this is a great opportunity for the City to build a relationship with USA Rugby to bring more events to the City in the future.

Applications are considered on a rolling basis. Please contact staff to discuss the process for having the application reviewed by the City's Lodging Tax Advisory Committee.

Completed applications should be submitted to:

Lodging Tax Advisory Committee
c/o Brandon Miles
City of Tukwila
6200 Southcenter Blvd
Tukwila, WA 98188

Or,

Brandon.Miles@Tukwilawa.gov

Questions?

LTAC Contact:

Brandon J. Miles
(206) 431-3684

Brandon.Miles@Tukwilawa.gov.

Updated: January 5, 2021