



## INFORMATIONAL MEMORANDUM

TO: **Planning and Community Development**

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

CC: **Mayor Ekberg**

DATE: **May 30, 2022**

SUBJECT: **Lodging Tax Funding Requests**

### **ISSUE**

Review of a lodging tax application request from the City of Tukwila to sponsor the 2022 Summer Gut Check Wrestling Tournament.

*Note, due to the time sensitively of this application it has been placed on the June 6 regular council (same night at PCD committee) meeting for consideration by the full council.*

### **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 promotion<sup>1</sup>. 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 awarded<sup>2</sup>.

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

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<sup>1</sup> 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."

<sup>2</sup> 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."*

Pending Applications

At its May 13, meeting, the LTAC recommended approval of three<sup>3</sup> funding request from the City’s Office of Economic Development.

**1. City of Tukwila, Summer Gut Check Wrestling Tournament, (Not to Exceed \$6,000).**

In mid-April the organizers of the Gut Check Wrestling Tournament reached out to Economic Development regarding a sponsorship opportunity for their summer event, which will be held at the end of June. Organizers estimate that the event will bring in approximately 1,000 people from across the nation for the three-day tournament. This funded request is unique is that it will be held at the Showare Center in the City of Kent. Due to a lack of hotel rooms and sponsorship funds, the City of Kent has proposed partnering with the City of Tukwila on this opportunity.

The City’s sponsorship will depend heavily on the total room nights generated by the tournament in Tukwila hotels. The City is using Seattle Southside Regional Tourism Authority’s EventConnect online booking tool to track room nights generated. This event presents an opportunity for the City to examine if it possible to capture room nights through sponsorship of activities outside of the City.

*LTAC Recommendation on Application: Do Fund.*

*Staff Recommendation on Application: Do Fund.*

**FINANCIAL IMPACT**

The total request for the lodging tax application will not exceed \$6,000.00. 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 2021, 2022, and 2023.

<b>2022 Tourism Six-Year Financial Plan Allocation</b>	
Sponsorships:	\$150,000
City of Tukwila, Copa Surf Cup (Approved)	(\$25,000)
Seattle Seawolves (Approved)	(\$40,000)
City of Tukwila, Juneteenth (Approved)	(\$10,000)
City of Tukwila, Fiesta 5k Ole (Withdrawn)	(\$5,000)
City of Tukwila Summer Gut Check Tournament (Pending):	(\$6,000)
City of Tukwila, “Paint the Blvd” (Pending)	(\$10,000)
City of Tukwila, Seattle Sports Commission (Pending)	(\$6,000)

<sup>3</sup> Only one application is discussed below. The remaining two funding requests are discussed under a separate memo to the PCD.

Remaining Sponsorship Funds:	\$53,000
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**RECOMMENDATION**

Staff recommends that the Committee approve the pending funding requests and forward to the June 6, 2022, meeting under "New Business."

**ATTACHMENTS**

1. City of Tukwila, Gut Check Wrestling Tournament, Staff Report to LTAC
2. Lodging Tax Application, Gut Check Wrestling Tournament.



**Staff Memorandum**

**Lodging Tax Advisory Committee Funding Request**

**Name of Applicant:**

City of Tukwila, Office of Economic Development, Summer Gut Check Wrestling Tournament

**Address:**

6200 Southcenter Blvd.  
Tukwila, WA 98188

**Total Funds Requested:**

\$6,000

**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 initiative.

**Funding Request Narrative:**

The City of Tukwila, through its Experience Tukwila brand, is requesting \$6,000 to sponsor the Summer Gut Check Wrestling tournament ( <https://www.gutcheckwrestling.com/>) scheduled to take place in June of 2022 at the Showare Center in Kent. The Gut Check Wrestling tournament is in its ninth year of operation and has consistently grown each year. It is estimated that 1,000 people will attend the event and 400-600 hotel room nights will be generated from the event.

The City’s funding request is broken down into two parts:

1. Providing a rebate of up to \$5,000 (\$15 per room night) for each room night generated in a Tukwila hotel from the event. The organizers will be required to use a Tukwila hotel or hotels as the official hotels for the event.
2. A flat sponsorship of \$1,000 to market the City to event participants lead up to and during the tournament.

**Staff Comments:**

This would be the first event or tournament that the City has supported outside of the City. The location of the Showare, just outside of the Southcenter District provides a possible opportunity for the City to capture room nights generated by events at Showare. This tournament is a good opportunity to see if groups at Showare will book Tukwila hotel rooms.

Staff does not value events at Showare as high as events at Starfire Sports since the main economic impact of these types of events is usually in the commercial area immediate adjacent to the venues (i.e. people going out to eat between matches, family members shopping while games are occurring, etc). Thus, staff has structured the funding request to encourage room nights and to only pay for those room nights generated by the event.

The opportunity to sponsor this tournament as passed on by the City of Kent since the City still has a spending freeze that applies to all funds, including its lodging tax program.

**Consistency with Six Year Financial Model:**

For 2022, 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 2022 sponsorships.

2022 Sponsorship Funds Provided in Six Year Financial Plan:	\$150,000
Copa Surf Cup (Approved)	(\$25,000)
Seawolves (Approved)	(\$40,000)
City of Tukwila, Juneteenth (Approved)	(\$10,000)
City of Tukwila, Fiesta 5K (Approved)	(\$5,000)
City of Tukwila, "Paint the Blvd" (Pending)	(\$6,000)
City of Tukwila, Seattle Sports Commission (Pending)	(\$10,000)
City of Tukwila, Summer Gut Check Tournament (Pending)	(\$6,000)
<b>Remaining Funds:</b>	<b>\$48,000</b>

Note, the total amount of this sponsorship will not exceed \$6,000. The room rebate portion of the request (\$5,000) is a rebate for actual room nights generated.

**City of Tukwila Staff**

**Recommendation to LTAC:** Approval

**Notes:** None.

## Application to the City of Tukwila for Use of 2022 Lodging Tax Funds

Event or Activity Name (if applicable):	City of Tukwila, Summer Gut Check Wrestling Tournament
Amount of Lodging Tax Requested:	\$6,000
Applicant Organization:	City of Tukwila
Federal Tax ID Number:	91-6001519
Mailing Address:	6200 Southcenter Blvd; Tukwila, WA 98188
Primary Contact Name:	Brandon Miles
Primary Contact Phone:	(206) 731-9071 (cell)
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

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

- I am proposing a tourism-related service for 2022. 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: Brandon J. Miles

Date: May 10, 2022

**1. Describe your tourism-related activity or event.**

The Summer Gut Check Wrestling Tournament is an annual high school wrestling tournament held at the Showare Event Center in Kent. The tournament is estimated to bring in approximately 1,000 total fans and wrestlers for its June 2022 tournament. It is estimated that nearly half of the attendees will be traveling for the tournament.

Due to budget constraints, the City of Kent sent the City of Tukwila this event for a possible sponsorship. While the event will be in the City of Kent, Tukwila staff were hopeful that the City could capture room nights given the close proximity of the Southcenter District to the City. The sponsorship will be broken down into two parts:

- a. \$5,000 would be a room night rebate payable for actual room nights booked in the City.
- b. \$1,000 would be for sponsorship and promoting Experience Tukwila to attendees.

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

The Summer Gut Check, June 27-29, 2022. 1.000 attendance total.

**3. Is your event/activity/facility focusing on attracting overnight tourists, day tourists, or both?**

Both. It is estimated that 50% of the attendees will traveling from across the nation to attend.

**4. Describe why visitors will travel to Tukwila to attend your event/activity/facility.**

The organizers will be required to work with Seattle Southside Regional Tourism Authority (SSRTA) and it's Event Connects booking system for the event. SSRTA will work with Tukwila hotels and the event organizers on the bookings. The rebate will only be paid for room nights booked in Tukwila and through Event Connect.

The Southcenter District is also located adjacent north of the City of Kent and it is possible that the City would see day visitors coming to the City. However, our goal with this sponsorship is to capture the hotel room nights generated from the event.

**5. Describe the geographic target of the visitors you hope to attract (locally, regionally, nationally, and/or internationally).** This event brings in participants from across nation and Canada.

**6. Describe the prior success of your event/activity/facility in attracting tourists.**

The event organizers have organized the winter Gut Check Tournament for nine years. The 2021 event was cancelled due to COVID-19.

**7. If this your first time holding the event/activity/facility provide background on why you think it will be successful.** N/A



**8. 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.**

The organizers use numerous social media outlets, website, press releases, and national streaming. The City’s main goal with this sponsorship is to capture the room nights generated from the event. The City’s secondary goal is to promote the City to visitors of the event and overall branding for the City.

**9. Describe how you will promote lodging establishments, restaurants, retailers, and entertainment establishments in the City of Tukwila.** Through email, website, social media, indoor/outdoor Jumbotron, banners.

**10. Is the City able to use your digital and print media for collaborative marketing?** Yes, the City will have access to the digital platforms of the event organizers.

**11. Describe how you will use the name, “Tukwila” in publications, promotions, and for your event?** While the event will be held in the City of Kent, the City of Tukwila will be listed as a major sponsor.

**12. 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.)**

<b>As a direct result of your proposed tourism-related service, provide an estimate of:</b>	
a. Overall attendance at your proposed event/activity/facility.	1000
b. Number of people who will travel fewer than 50 miles for your event/activity.	500
c. Number of people who will travel more than 50 miles for your event/activity.	500
d. Of the people who travel more than 50 miles, the number of people who will travel from another country or state.	400
e. Of the people who travel more than 50 miles, the number of people who will stay overnight in Tukwila.	500

f. Of the people staying overnight, the number of people who will stay in PAID accommodations (hotel/motel/bed-breakfast) in Tukwila.	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> )	600-700

**13. 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?** Past event results, calculations and estimates with growth.

**14. Are you applying for lodging tax funds from another community? If so, which communities and in what amounts?** Not at this time.

**15. Are you applying funding from Seattle Southside Regional Tourism Authority (SSRTA)? If so, in what amount?** Not at this time. SSRTA will be a partner to manage the bookings for the event.

**16. What is the overall budget for your event/activity/facility? What percent of the budget are you requesting from the City of Tukwila?** N/A

**17. What will you cut from your proposal or do differently if full funding for your request is not available or recommended?** The City would not be able to provide a rebate for room nights generated by the event.

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](mailto:Brandon.Miles@Tukwilawa.gov)

Questions?

LTAC Contact:

Brandon J. Miles

(206) 431-3684

[Brandon.Miles@Tukwilawa.gov](mailto:Brandon.Miles@Tukwilawa.gov).

Updated: January 5, 2021