



INFORMATIONAL MEMORANDUM

TO: **Planning and Community Development**

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

CC: **Mayor Ekberg**

DATE: **February 27, 2023**

SUBJECT: **Lodging Tax Funding Requests**

ISSUE

Review of lodging tax funding requests from Starfire Sports for tourism promotion activities.

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

At its October February 10, 2023 meeting, the LTAC recommended approval of a funding request from Starfire Sports, a non-profit entity, for lodging tax funds for 2023/2024.

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. Starfire Sports (\$110,000 total, \$55,000 in 2023 and \$55,000 in 2024)

Starfire is requesting lodging tax funds in 2023/2024 to assist in promotion and facilitation of leagues, events, and tournaments. The goal is to have 1,300,000 (not unique) total attendance for Starfire related events and to generate 10,000 room nights in area lodging businesses. Starfire will promote its events through email and online marketing, with regional sports organizations and social media.

After Westfield Southcenter, Starfire is the largest draw of visitors in the City and likely the largest draw for overnight guests. Additionally, the tournaments and leagues at Starfire bring in people from throughout the Puget Sound region on day visits to the City. Starfire visitor count including in their application does not include all third-party events, thus the numbers may actually be lower than the actual tourist impact on the City.

Since it's opening, Starfire has been a great partner for the City and has helped the City grow a brand in the soccer and rugby community as being the epicenter of [soccer] or [rugby] in the Pacific NW. Due to the pandemic, Starfire did not request any lodging tax funds in 2020, 2021, and 2022.

LTAC Recommendation on Application: Do Fund

Staff Recommendation on Application: Do Fund.

FINANCIAL IMPACT

The total request for the two lodging tax applications will not exceed \$110,000 over two years. No general funds dollars will be used for these funding allocations.

Consistency with Six Year Financial Model:

For 2023 and 2024, the Six Year Financial Plan shows the City spending \$150,000 for sponsorship, such as this. The funds allocated for 2023 will be higher than the budget amount, but revenues for 2022 came in higher and staff anticipated updating the six-financial plan to account for the higher revenues.

2023 Tourism Six-Year Financial Plan Allocation	
Large Sponsorships:	\$150,000
City of Tukwila, Copa Surf Cup (Approved)	(\$25,000)
Seattle Seawolves (Approved)	(\$75,000)
Starfire Sports (Pending)	(\$55,000)
Remaining Sponsorship Funds:	\$(5,000)

2024 Tourism Six-Year Financial Plan Allocation	
Sponsorships:	\$150,000
Seattle Seawolves (Approved)	(\$75,000)
Starfire Sports (Pending)	(\$55,000)
Remaining Sponsorship Funds:	\$20,000

RECOMMENDATION

Staff recommends that the Committee approve the pending funding requests and forward to the March 20, 2023 consent agenda. The contract with Starfire Sports will be over \$40,000 and will require approval by the Council. Staff would like permission to bypass committee and place the contract on a consent agenda once it's ready for review and approval

ATTACHMENTS

1. Lodging Tax Committee Staff Report, Starfire Sports
2. Lodging Tax Application, Starfire Sports
3. Lodging Tax Six Year Financial Plan

Staff Memorandum

Lodging Tax Advisory Committee Funding Request

Name of Applicant:

Starfire Sports

Address:

14800 Starfire Wy
Tukwila, WA 98188

Total Funds Requested:

\$110,000 two-year funding request (\$55,000 in 2023 and \$55,000 in 2024)

About the Applicant:

Starfire Sports, a non-profit entity, has grown into one of the premier sports facilities in the United States. Over 1.4 million people visited the facility in 2019 (last full year prior to the COVID-19 pandemic) to take part in soccer, rugby, and lacrosse tournaments; to play in outdoor and indoor soccer leagues; to engage in sport specific training; to review professional sporting events; and for STEM educational courses. Starfire is home training ground for Seattle Sounder FC and the OL Reign and the home field for the Seattle Seawolves.

Opening in 2003, Starfire Sports has 12 outdoor fields and two indoor fields. The facility is located at Fort Dent Park, which is owned by the City of Tukwila. Also located at the Park is a small children's play area and trails that connect to the regional trail system. The City has maintenance responsibility for the play area, trails, and parking area.

Starfire regular hosts multiday, weekend soccer, rugby, and lacrosse tournaments, which brings in teams from throughout North America. Teams stay in hotels throughout the Seattle Southside region, with a typical split of 70/30 between Tukwila and SeaTac hotels. Players and their families can be seen throughout Tukwila, at Westfield Southcenter, the Family Fun Center, and area restaurants.

Funds Previously Awarded:

\$44,500 in 2019. Starfire did not request funds in 2020, 2021, or 2022 due to the COVID-19 pandemic.

Funding Request Narrative:

Starfire is requesting lodging tax funds in 2023/2024 to assist in promotion and facilitation of leagues, events, and tournaments. The goal is to have 1,300,000 (not unique) total attendance for Starfire related events and to generate 10,000 room nights in area lodging businesses. Starfire will promote its events through email and online marketing, with regional sports organizations and social media

Staff Comments:

After Westfield Southcenter, Starfire is the largest draw of visitors in the City and likely the largest draw for overnight guests. Additionally, the tournaments and leagues at Starfire bring in people from throughout the Puget Sound region on day visits to the City. Starfire visitor count including in their application does not include all third-party events, thus the numbers may actually be lower than the actual tourist impact on the City.

Since it’s opening, Starfire has been a great partner for the City and has helped the City grow a brand in the soccer and rugby community as being the epicenter of [soccer] or [rugby] in the Pacific NW.

Consistency with Six Year Financial Model:

For 2023 and 2024, the Six Year Financial Plan shows the City spending \$150,000 for sponsorship, such as this. The funds allocated for 2023 will be higher than the budget amount, but revenues for 2022 came in higher and staff anticipated updating the six-financial plan to account for the higher revenues.

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City of Tukwila Staff

Recommendation to LTAC: Approval

Notes:

Starfire will be required to execute a separate service agreement with the City.

Application to the City of Tukwila for Use of 2023 Lodging Tax Funds

Event or Activity Name (if applicable):	Starfire Sports Tournament and Event Season
Amount of Lodging Tax Requested:	\$110,000 for 2023 and 2024 (\$55,000 per year).
Applicant Organization:	Starfire Sports
Federal Tax ID Number:	47-0887811
Mailing Address:	14800 Starfire Way, Tukwila WA 98188
Primary Contact Name:	Ben Oliver
Primary Contact Phone:	(206) 267-7417
Primary Contact Email Address:	beno@starfiresports.com

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 2023. 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: Benjamin T Oliver

Date: 01/11/2023

1) Describe your tourism-related activity or event.

Starfire Sports events and tournaments

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

Starfire directly manages 11 soccer tournaments and over 30 third party events including Seawolves and Tacoma Defiance games. These events draw people from all over the county, Canada and further aboard. Starfire Sports projected 2023 total attendance is over 1,300,000 visits.

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

Both

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

Starfire Sports is the epicenter of soccer not only here in the Pacific Northwest but nationwide. As not only the home of our Seattle Sounders FC, OL Reign and the Seattle Seawolves we are host to over 42 annual events ranging from the recreational youth players to professional players. Starfire's own tournaments bring over 110 teams in annually from Canada alone while our leagues and youth programs bring hundreds of day visitors to Tukwila every day of the week.

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

Starfire offers programs and events for people from all geographical areas with teams traveling from around the world to participate in our youth tournaments, the local community of kids who just want to come down and kick a ball to the professional athletes from National Teams, Major League Soccer, National Women's Soccer League and Major League Rugby who are here for trainings and to play games, to the players who participate in any one of our youth or adult programs.

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

Starfire Sports generates over 117,000 unique visitors and about 1,300,000 visits annually. Of these visitors, roughly 7% travel more than 50 miles and stay in the area approximately 2-4 nights at a time. Starfire run tournaments averaged 23% of participating teams traveled more than 50 miles.

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

Starfire will promote our events through email and online marketing/advertising/social media. New partners being formed with surrounding States. Our events will be listed on regional soccer. We are also currently hiring a fulltime person in Public Relations and Communication.

8) Describe how you will use the name, “Tukwila” in publications, promotions, and for your event?

Tukwila will not only be integrated into publications, promotions and the appropriate use of “Tukwila” #hashtags when using social media but also on all tournament branded materials including clothing.

In the past this integration has seen the media talk more about Tukwila with regards to soccer, Starfire, the Sounders, Seawolves and now also the OL Reign.

9) 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.	1,300,000
b. Number of people who will travel fewer than 50 miles for your event/activity.	150,000
c. Number of people who will travel more than 50 miles for your event/activity.	10,000
d. Of the people who travel more than 50 miles, the number of people who will travel from another country or state.	23%
e. Of the people who travel more than 50 miles, the number of people who will stay overnight in Tukwila.	7,000+/-

f. Of the people staying overnight, the number of people who will stay in PAID accommodations (hotel/motel/bed-breakfast) in Tukwila.	6,500+/-
g. Number of paid lodging room nights resulting from your proposed event/ activity/facility (for example: 25 paid rooms on Friday and 50 paid rooms on Saturday = 75 paid lodging room nights)	10,000+/-

10) 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?

Team surveys and SSRTA Event Impact Calculator

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

Our annual marketing budget is just under \$24,000 without the support of LTAC funding that allows us to market to traveling teams, attend team/marketing conferences for tournaments and event recruiting.

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: December 29, 2022

Tourism Funding, Six Year Financial Plan

DRAFT - Updated March 3, 2021

	Working Draft Update	2022 Budgeted	2022 Forecasted	2023	2024	2025	2026	2027	Totals, '22-'27
Tourism Revenue									
Lodging Tax	\$ 450,000	\$ 884,745	\$ 800,000	\$ 840,000	\$ 882,000	\$ 926,100	\$ 972,405	\$ 5,755,250	
Total Revenues:	\$ 450,000	\$ 884,745	\$ 800,000	\$ 840,000	\$ 882,000	\$ 926,100	\$ 972,405	\$ 5,755,250	
Tourism Expenses									
Marketing, Sales, and Sponsorships									
Sponsorships	\$ 150,000	\$ 100,000	\$ 225,000	\$ 225,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 700,000	
Small Events	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 60,000	
erience Tukwila, Branding and Marketing, Visitors	\$ 75,000	\$ 140,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 710,000	
World Cup Planning and Activation	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000	
Business Attraction and Promotion	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	
COVID-19 Response									
SavingLocalKC.com	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
SSRTA Emergency Funding	\$ 15,000	\$ 1,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 46,000	
Showare Sponsorship	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Seattle Southside Chamber of Commerce	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Destination Development									
Wayfinding Plan Development and Installation	\$ 150,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 300,000	
Art Investments	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ 40,000	\$ 40,000	\$ 225,000	
Tukwila Pond	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 600,000	
General Administration									
Salary and Benefits	\$ 79,978	\$ 81,257	\$ 91,397	\$ 95,830	\$ 98,705	\$ 101,666	\$ 104,716	\$ 101,666	
City Overhead Charge	\$ 25,231	\$ 25,231	\$ 26,493	\$ 27,818	\$ 28,653	\$ 29,512	\$ 30,397	\$ 29,512	
Administrative	\$ 28,750	\$ 28,750	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 118,750	
Total Expenditures:	\$ 863,959	\$ 391,238	\$ 1,047,890	\$ 1,053,648	\$ 982,357	\$ 951,178	\$ 955,114	\$ 5,381,425	
Beginning Fund Balance:	\$ 1,742,366	\$ 1,742,366	\$ 2,235,873	\$ 1,987,983	\$ 1,774,335	\$ 1,673,978	\$ 1,648,899	\$ 1,648,899	
Ending Fund Balance:	\$ 1,328,407	\$ 2,235,873	\$ 1,987,983	\$ 1,774,335	\$ 1,673,978	\$ 1,648,899	\$ 1,666,191	\$ 1,666,191	

Notes

This document does not bind the City to provide funds nor does it authorize any funding. All use of lodging tax funds must be approved by LTAC and the City Council through an application process.

The blue cells have been updated since the LTAC last looked at this document.

Salary/Benefits for Business Relations Manager is split 50/50 between general fund and lodging tax and is estimated to increase 3% annually after 2024.

The City overhead charge is charged to all special funds. It recoups the cost to the general fund to support the lodging tax fund. It includes facilities, technology, legal, accounting, and record keeping services and is estimated to increase 3% annually after 2024.

Updated: 1/11/2023

BJM