



INFORMATIONAL MEMORANDUM

TO: Planning and Community Development

FROM: Brandon Miles, Business Relations Manager

CC: Mayor Ekberg

DATE: May 9, 2023

SUBJECT: Lodging Tax Funding Requests

ISSUE

Review of lodging tax funding request from the City of Tukwila to support the PacNW January 2024 soccer tournament.

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

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, Pac NW (not to exceed \$28,170)

At a special meeting in April of 2023 the LTAC reviewed and recommended approval of a lodging tax application from the City of Tukwila to support and sponsor the January, 2024 Pac NW soccer tournament. The Pac NW tournament has been coming to Starfire Sports for a number of years. In 2023 the tournament drew 500 teams from across the western United States, generating 3,759 room nights, with 1,291 of those room nights in Tukwila. Analysis by Seattle Southside RTA found that the City of Tukwila and Seattle Southside were losing a significant number of room nights to Renton, Seattle, Bellevue, and Auburn. This funding request will provide a room rebate to PacNW for every room night generated in Tukwila. The total rebate will not exceed \$28,170. PacNW will be required to use Seattle Southside’s Event Connect program for room booking by teams and families.

LTAC Recommendation on Application: Do Fund

Staff Recommendation on Application: Do Fund.

FINANCIAL IMPACT

The total request for this application will not exceed \$28,170.

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 and to apply the revenues to sponsorships.

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 (Approved)	(\$55,000)
City of Tukwila (PacNW)	(\$28,170)
Remaining Sponsorship Funds:	\$(33,170)

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 request and forward to the May 22, 2023 consent agenda for the Special Meeting.

ATTACHMENTS

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

Staff Memorandum

Lodging Tax Advisory Committee Funding Request

Name of Applicant:

City of Tukwila

PacNW Partnership

Address:

6200 Southcenter Blvd
Tukwila, WA 98188

Total Funds Requested:

Not to exceed \$28,170

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 activity.

Funding Request Narrative:

Seattle Southside Regional Tourism Authority (SSRTA) approached the City about a partnership regarding PacNW, a youth premier soccer league. PacNW holds a large tournament at Starfire and other King County facilities in January. In 2023 the event produced a total of 3,759 room nights, with 1,291 of those nights occurring in Tukwila. SSRTA found that a significant number of room nights were being lost to Renton, Seattle, Bellevue, and Federal Way. The goal with this partnership is to capture lost room night and bring them to Tukwila. The City will offer a \$10 per room night credit to

PacNW for total room nights generated in Tukwila for the January. The room nights must be booked through EventConnect.

Staff Comments:

This program will hopefully allow the City to capture additional room nights from an events occurring in a down month for the City for both overnight stays and retail activities.

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:	\$225,000 ¹
Seattle Seawolves (Approved)	(\$75,000)
Starfire Sports (Approved)	(\$55,000)
Remaining Sponsorship Funds:	\$95,000

2024 Tourism Six-Year Financial Plan Allocation	
Sponsorships:	225,000
Seattle Seawolves (Approved)	(\$75,000)
Starfire Sports (Approved)	(\$55,000)
City of Tukwila, PacNW	(\$28,170)
Remaining Sponsorship Funds:	\$66,830

City of Tukwila Staff

Recommendation to LTAC: Approval

Notes:

PacNW will need to execute a contract with the City of Tukwila to receive the funds.

¹ Additional funds added in 2023 and 2024 due to better than expected 2022 revenue.

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

Event or Activity Name (if applicable):	Pac NW January Soccer Tournament
Amount of Lodging Tax Requested:	\$28,170
Applicant Organization:	City of Tukwila, Office of Economic Development
Federal Tax ID Number:	91-6001519
Mailing Address:	100 Andover Parkway W, Suite 150, Tukwila WA 98188
Primary Contact Name:	Pacific Northwest Soccer, Todd Johnson, Ex Dir
Primary Contact Phone:	
Primary Contact Email Address:	execdir@pacnwsc.org

Check all the service categories that apply to this application:

Tourism promotion or marketing.

X 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: Brandon Miles

Date: April 19, 2023

1) Describe your tourism-related activity or event.

PacNW Winter Classic soccer tournament held over two successive weekends in January 5-7 & 12-15, 2024 at Starfire Sports. The 2023 tournament drew 500 amateur teams and 793 matches from throughout the Western US.

In 2023, 3,759 room nights were generated with Tukwila hotels capturing 1,291 or 34%.

The goal is to shift room nights from Renton, Seattle, Bellevue and Federal Way to Tukwila hotels.

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

PacNW Winter Classic soccer tournament

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

Soccer tournament that generates overnight weekend stays from visiting teams

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

Proximity to Starfire Sports. The event is already coming to Tukwila.

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

Teams from Eastern WA, BC, Idaho, Oregon, California and Alaska participate.

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

See # 1 above.

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

This event has been held for many years at Starfire.

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

PacNW controls which hotels bid on providing housing. The organizer can select greater numbers of Tukwila hotels, if the hotels have capacity.

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

Tukwila is prominently displayed on all correspondence as it is the 'home' field and the organization's home.

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.	20,000
b. Number of people who will travel fewer than 50 miles for your event/activity.	10,523
c. Number of people who will travel more than 50 miles for your event/activity.	9,477
d. Of the people who travel more than 50 miles, the number of people who will travel from another country or state.	7,100
e. Of the people who travel more than 50 miles, the number of people who will stay overnight in Tukwila.	8,451 (2,817 room nights at 3/rm occ)
f. Of the people staying overnight, the number of people who will stay in PAID accommodations (hotel/motel/bed-breakfast) in Tukwila.	8,451
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>)	2,817 (up from 1,291 in 2023)

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?

Historical (2023) data

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

The request is to commission PacNW for 'generating' additional Tukwila room nights. In 2023, 1,291 room nights were actualized. The proposal is for 2,817 room nights in 2024. The commission request is for \$10/room night actualized or \$28,170 if all 2,817 room nights are actualized. All room nights must be booked through Event Connect and all actualized room nights will be verified by Event Connect. No commission will be paid on any room nights booked around the Event Connect platform.

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

	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	\$ 926,100	\$ 972,405	\$ 5,755,250		
Total Revenues:	\$ 450,000	\$ 884,745	\$ 800,000	\$ 840,000	\$ 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	\$ 150,000	\$ 700,000
Small Events	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 60,000
ience Tukwila, Branding and Marketing, Visitors	\$ 75,000	\$ 140,000	\$ 190,000	\$ 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	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Showare Sponsorship	\$ 15,000	\$ 1,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 46,000
Seattle Southside Chamber of Commerce	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Destination Development

Wayfinding Plan Development and Installation	\$ 150,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 300,000
Art Investments	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 225,000
Tukwila Pond	\$ 200,000	\$ -	\$ 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	\$ 101,666
City Overhead Charge	\$ 25,231	\$ 25,231	\$ 26,493	\$ 27,818	\$ 28,653	\$ 29,512	\$ 30,397	\$ 30,397	\$ 29,512
Administrative	\$ 28,750	\$ 28,750	\$ 30,000	\$ 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		
Ending Fund Balance:	\$ 1,328,407	\$ 2,235,873	\$ 1,987,983	\$ 1,774,335	\$ 1,673,978	\$ 1,648,899	\$ 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