



City of Tukwila
**Planning & Economic
 Development Committee**

- ◆ Thomas McLeod, Chair
- ◆ Kathy Hougardy
- ◆ Zak Idan

Distribution:
 T. McLeod Mayor Ekberg
 K. Hougardy D. Cline
 Z. Idan R. Bianchi
 D. Quinn C. O'Flaherty
 A. Youn
 L. Humphrey

AGENDA

MONDAY, MARCH 2, 2020 – 5:30 PM
HAZELNUT CONFERENCE ROOM
 (At east entrance of City Hall)

Item	Recommended Action	Page
1. BUSINESS AGENDA		
a. Lodging tax Six-Year Financial Model. <i>Brandon Miles, Business Relations Manager</i>	a. Discussion only.	Pg.1
b. Application for lodging tax funds: Virtual Sports for \$30,000. <i>Brandon Miles, Business Relations Manager</i>	b. Forward to 3/2 Consent Agenda.	Pg.7
c. Resolution relating to Senate House Bill 1406 and sales tax revenue program for affordable housing. <i>Meredith Sampson, Assistant Planner</i>	c. Forward to 3/23 C.O.W. and 4/6 Regular Mtg.	Pg.39
d. Interim zoning changes to support Tukwila International Boulevard Plan. <i>Lynn Miranda, Planning Supervisor</i>	d. Forward to Planning Commission.	Pg.57
e. Review of the draft Parks, Recreation and Open Space (PROS) Plan. <i>Robert Eaton, Parks & Recreation Manager</i>	e. Forward to 3/23 C.O.W. and 4/6 Regular Mtg.	Pg.63
2. MISCELLANEOUS		

Next Scheduled Meeting: *March 16, 2020*



The City of Tukwila strives to accommodate individuals with disabilities.
 Please contact the City Clerk's Office at **206-433-1800** (TukwilaCityClerk@TukwilaWA.gov) for assistance.



INFORMATIONAL MEMORANDUM

TO: Planning and Economic Development

FROM: Brandon Miles, Business Relations Manager

CC: Mayor Ekberg

DATE: February 24, 2020

SUBJECT: Lodging Tax Six Year Financial Model and Ending Fund Balance Goal.

ISSUE

Discussion and review of the Lodging Tax Six Year Financial Model and ending fund balance goals.

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 \$1.9 million in lodging tax funds available for use.

Lodging tax funds are collected in order to be invested in the City's tourism economy. The goal is to drive economic activity by bringing visitors to the City, both day and overnight visitors. State Law provides strict guidance on how lodging tax funds be used. The funds cannot be used for basic governmental operations.

DISCUSSION

In 2019 staff identified that by 2024 the ending fund balance would be near \$2.5 million based on the previous expenditure history. Working with the Lodging Tax Advisory Committee (LTAC) staff prepared a six-financial model. The goal of using a financial model is to ensure the funds are used in a strategic manner and that funds are set aside for future activities that could be funded with lodging tax funds. The activities listed in the attached excel spreadsheet are "big bucket" items and were developed by staff, LTAC, with review by last year's Community Development and Neighborhoods Committee. The attached excel spreadsheet has been updated to reflect actual expenditures and revenue for 2019. Additionally, staff realized that the ending fund balance for 2018 was higher than initially assumed. The model has not yet been built out to 2025. Lodging Tax has yet to review the revised information regarding added funds. This will occur at a future LTAC meeting.

In 2019 LTAC highlighted several projects it would like to see funds allocated for in the future:

1. Tukwila Pond

Tukwila Pond provides an opportunity for the City to develop a centerpiece park within the City's Southcenter District. Not only would the development be good for residents, but the Pond could also tie in the City's tourist experience. A boardwalk could be developed for hotel guests to

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."

utilize for exercise; areas could be developed as a gathering space; and the Pond could attract small scale festivals and events. The City Council with a recommendation from LTAC, has allocated \$125,000 of lodging tax funds to develop a master plan for the Pond.

2. Southcenter Art Investment

Art can be used to improve the overall visual appearance of a tourist destination. Additionally, art can be used as a draw for a place and used for branding purposes (think the Fremont Troll). Parks and Recreation is currently working on an art installation and art plan for Baker in the Southcenter District, funded by lodging tax. Staff envisions art could be extended to other areas of the Southcenter District.

3. Small Event Development and Support

The financial model is budgeting \$85,000 over the next five years to support small event development and support citywide. Staff's goal is to provide an avenue for groups to get access to small lodging tax grants for small scale activities that could be used to develop authentic, Tukwila experiences.

Staff would also like to have conversations with LTAC and Council about other possible funding opportunities for the lodging tax funds. For example:

- Promoting and encouraging entertainment businesses to locate to the City; and
- Improving the user experience along the pond.

FINANCIAL IMPACT

N/A. The financial model does not authorize any expenditure. All expenditures of lodging tax funds are required to go through the City's formal application process, with review by LTAC and the City Council. LTAC and staff are proposing that the City strive to never let the ending fund balance go below \$400,000 in any year.

RECOMMENDATION

Discussion Only.

ATTACHMENTS

- A. Lodging Tax, Guiding Principle #1
- B. Lodging Tax Six Year Financial Model

Lodging Tax Advisory Committee

Guiding Principle #1

Six Year Financial and Ending Fund Balance

Topic: Guidance on financial modeling and ending fund balance.

Background: The City of Tukwila (the "City") collects a 1% charge on eligible lodging stays at area hotels, motels and Airbnbs. Under Washington State law these funds can only be used for tourism promotion activities. Any request to lodging tax funds is reviewed by the Lodging Tax Advisory Committee (LTAC) and, if LTAC recommends approval, is forward to the Tukwila City Council for final review and action.

The City is projecting a significant ending fund balance for 2019 and 2020. In order to provide strategic direction on the use of funds, LTAC is proposing that a six-year funding model be maintained showing possible future uses of lodging tax funds. The goal is to ensure that as applications come in the LTAC consider the request in a strategic context of the City's overall goals and ensure the funds are available in future years for the City's priorities.

Principle: LTAC will maintain a six-year financial model outlining anticipated revenue and anticipated expenditures. The expenditures are concept only and at a very high level. The model provides no approval to expend any of the funds listed. Any request to use funds require going through the formal application process.

Furthermore, the financial model will strive to ensure that the forecasted ending fund balance in any year not be below \$400,000. The goal with keeping this minimum ending fund balance is to provide significant amount of funds that could be used during an economic downturn or to take advantage of a major opportunity.

Lodging Tax Six Year Financial Plan

	Approved Applications Year	Actuals		Forecasted				Totals
		2019	2020	2021	2022	2023	2024	
Revenue								
Lodging Tax Collection	775000	\$ 819,095	\$ 800,000	\$ 840,000	\$ 882,000	\$ 926,100	\$ 972,405	\$ 5,239,600
Expenses								
Marketing, Sales, Major Sponsorships								
Contracted DMO Services	202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 1,215,000
Major Sponsorships	144,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 900,000
Small Event Development and Support	12,500	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 85,000
Digital Development and Website		\$ -	\$ 65,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 265,000
Destination Development								
Wayfinding Plan Development and Installation	-	\$ -	\$ 100,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 550,000
Southcenter Art Investments	40,000	\$ 600	\$ 39,400	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 340,000
Tukwila Pond	100,000	\$ -	\$ 125,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 925,000
World Cup Planning and Activation	-	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 180,000
Administration/Operations								
Salary	55,457	\$ 58,040	\$ 56,586	\$ 58,284	\$ 60,032	\$ 61,833	\$ 63,688	\$ 358,463
Benefits	17,847	\$ 18,124	\$ 18,411	\$ 18,963	\$ 19,532	\$ 20,118	\$ 20,722	\$ 115,870
City Overhead Charge	18,741	\$ 18,741	\$ 19,416	\$ 19,998	\$ 20,598	\$ 21,216	\$ 21,853	\$ 121,823
Administration Expenses	35,000	\$ 21,385	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 171,385
Total Expenditures:	\$ 626,045	\$ 479,390	\$ 821,313	\$ 1,009,745	\$ 962,663	\$ 975,668	\$ 978,763	\$ 5,227,541
Starting Year Balance:		\$ 1,617,625	\$ 1,957,330	\$ 1,936,017	\$ 1,766,272	\$ 1,685,609	\$ 1,636,041	
Ending Fund Balance:		\$ 1,957,330	\$ 1,936,017	\$ 1,766,272	\$ 1,685,609	\$ 1,636,041	\$ 1,629,684	

Notes

Revenue for 2019 and 2020 is from the adopted budget.
 Revenue Increase (2021-2024) 0.05
 Salary is assumed to rise 3% per year. 0.03
 Benefits are assumed to rise 3% per year. 0.03
 Indirect Cost Allocation is assumed to increase 3% per year. 0.03
 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.
 Overhead charge is charged to all special accounts and recoups the cost of the general fund to support the lodging tax fund. This include facilities, IT services, legal, and accounting.
 Cells in yellow were updated following April, 2019 meeting.

Updated:

2/24/2020

BJM



INFORMATIONAL MEMORANDUM

TO: Planning and Economic Development

FROM: Brandon Miles, Business Relations Manager

CC: Mayor Ekberg

DATE: February 25, 2020

**SUBJECT: 2020 Lodging Tax Funding Requests
Virtual Sports**

ISSUE

Review of a lodging tax funding request from Virtual Sports (VS) in the amount of \$30,000.

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, even by the City, 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 February 14, 2020 meeting, LTAC has forward the following application from VS to the City Council for final action. LTAC and staff recommends the application be funded.

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. Virtual Sports (VS), (\$30,000)

VS is requesting funding to launch a "Tukwila Esports Initiative." The Initiative would bring in over 200 esports tournaments in 2020 at VS Tukwila location. E-sports is a growing amateur and professional sport seeing major growth, both in participants and viewers. VS would host both local (Greater Seattle area) and national events. These events will bring people into the City and thus increase the "feet on the street" and "heads in beds." VS has extensive experience hosting and producing events. A draft scope of work is attached with this memo.

E-Sports is a growing industry and this sponsorship helps Tukwila establish a small foothold as E-Sports grows. These events are also consistent with the growing entertainment experience the City see establishing in the Southcenter District. Other entertainment experience businesses include i-Fly, Defy, and Sycart Racing. These businesses offer a compelling reason for people to come to the City and help to create a true live, work, play, stay district.

FINANCIAL IMPACT

The total amount of funding requested from the lodging tax fund is \$30,000. There are sufficient funds available in the lodging tax fund to pay the expenditures.

RECOMMENDATION

Staff recommends that the City Council approve the funding request, as recommended by LTAC. Staff has placed this on the March 2 consent agenda (same night at P.E.D meeting).

ATTACHMENTS

- A. Virtual Sports LTAC Application, Tukwila E-Sports Initiative



2020 Lodging Tax Application	
Event or Activity Name (if applicable):	Tukwila Esports Initiative
Amount of Lodging Tax Requested:	\$30,000
Applicant Organization:	Virtual Sports Tukwila WA LLC
Federal Tax ID Number:	465252232
Mailing Address:	17600 W Valley Hwy, Tukwila 98188
Primary Contact Name:	Brian Deller
Primary Contact Phone:	425-359-5280
Primary Contact Email Address:	Brian@virtualsports.net

Mark 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 Business

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

- I am proposing a tourism-related service for 2020. 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.

Brian Deller

02 / 10 / 2020

Signature: _____

Date: _____

City of Tukwila
6200 Southcenter Blvd.
Tukwila, WA 98188



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 31, 2019

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- 1) Describe your tourism related activity or event.
 - a) Featuring over 200 esports tournaments in 2020 on-site at Virtual Sports in leading titles.
 - b) Virtual Sports is launching an esports initiative targeting beginner, advanced, semi pro, and pro-am style competitions ranging in size from 20-500 participants and attendees.
- 2) If an event, list the event name, dates, and projected overall attendance
 - a) VS Esports
 - b) Smaller scale weekly tournaments with projected attendance of 20-50 people will be happening for different game titles on different days of the week, every week. The purpose of the weekly events will be to drive awareness, attendance, and building out the brackets for the larger, monthly events.
 - c) Monthly events will host an expected 100-200 participants.
- 3) Is your event, activity, facility focusing on attracting overnight tourists, day tourists, or both
 - a) Both
 - b) Weekly events will host regional participants traveling within a 50 mile radius.
 - c) Monthly events will be primarily hosted on weekends and will drive participants both from within the 50 mile radius as well as outside of it.
- 4) Describe why visitors will travel to Tukwila to attend your event/activity/facility.
 - a) Compete in the largest and most consistent esports tournaments in our region that both offer prize pools as well as exposure to professional organizations allowing for opportunities to earn pro contracts.
- 5) Describe the geographic target of the visitors you hope to attract (locally, regionally, nationally, and/or internationally).
 - a) Weekday events will mostly draw participants within a 50 mile radius.
 - b) The larger monthly events will be hosted on weekends and will primarily draw participants from the following regions: Washington, Oregon, Vancouver BC, Alaska, Idaho, Montana, and Northern California.
- 6) Describe the prior success of your event/activity/facility in attracting tourists.



- a) We have hosted a number of gaming events throughout the region in a variety of formats with the most notable being GE2 which was hosted in 2017 and 2018 at CenturyLink Event Center drawing roughly 6,500 attendees both years. We had attendees travel from roughly 20 different states and visit from all over the state of Washington. We had room blocks of over 100 rooms sell out each year in addition to the undocumented hotel nights throughout the region. The estimated economic impact was roughly \$1m for the region each year.
 - b) Members of our team have also hosted dozens of smaller regional tournaments that have rotated locations.
 - c) Additionally, our company has been in operation as a permanent entertainment facility for over five years in the City of Tukwila.
- 7) If this is your first time holding the event/activity/facility provide background on why you think it will be successful.
- a) This is not our first time hosting these types of events. The experience of our team hosting the aforementioned types of events at rotating locations led us to the decision that hosting events in the proposed structure will not only increase attendance to our events and our facility, it will drive awareness to within the greater esports community that the City of Tukwila is receptive and offers a number of other facilities to host different levels of esports events.
- 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, eetc.) your agency uses or intends to use to promote your event/activity/facility.
- a) The media strategy will include printed material, social media marketing, text message marketing, email marketing, groupon and social media experience platforms.
 - i) Printed material will be limited and offered in store or at targeted events only as ROI is minimal and environmental impact is significant
 - ii) Advertising through our list of roughly 100,000 subscribers will be frequent and variable based on specific levels of engagement of each subscriber

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- iii) A number of social media platforms will be used for a variety of different purposes ranging from community engagement/development, advertising, and communication.
 - (1) Discord, Facebook, Instagram, Snapchat, Alt Space (Microsoft VR Social Hub), Tik Tok, Mixer, Twitch, YouTube
 - (2) We can elaborate on the strategies for each of these platforms upon request
- 9) Describe how you will promote lodging establishments, restaurants, retailers, and entertainment establishments in the City of Tukwila.
 - a) Each of the larger events will require multiple room nights and will need a hotel partner. We intend to rotate the hotel partner for each event through the hotels within the city focusing on the hotels that are within close proximity for each event.
 - b) Our vision is to partner with hotels, restaurants, retailers, and business establishments to provide our competitors and attendees places to eat, buy, and lodge.
- 10) Is the City able to use your digital and print media for collaborative marketing?
 - a) We absolutely encourage the City to use any of our assets in future promotions.
- 11) Describe how you will use the name, "Tukwila" in publications, promotions, and for your event?
 - a) We will include Tukwila in any generated media as the destination for competitive gaming in our region. If specific wording or positioning is requested or preferred, please let us know.
 - b) It is our understanding the the City of Tukwila is actively working to position itself as a "Live, Work, Play" City for the Millenial and Gen Z demographics. We feel that structured messaging portraying that would be prudent.
- 12) Measurements and Metrics (Note: You will be required to report these metrics as part of the clouse out of the agreement between your organization and the City.)
 - a) Overall attendance at your proposed event/activity/facility.
 - i. Weekly Tournaments (Annual)
 - 1. Onsite Visitors - 7,000-10,000
 - 2. Live Stream Viewers - 50,000-75,000

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- ii. Monthly Tournaments
 - 1. 5,000-10,000
 - 2. Live Stream Viewers - 100,000+
 - b. Number of people who will travel fewer than 50 miles for your event/activity
 - i. 75% of our participants and viewers will travel fewer than 50 miles
 - 1. 7,500 (Estimate)
 - c. Number of people who will travel more than 50 miles for you event/activity.
 - i. 25% of our participants and viewers will travel more than 50 miles.
 - 1. 2,500 (Estimate)
 - d. Of the people who travel more than 50 miles, the number of people who will stay overnight in Tukwila.
 - i. Of the people who travel more than 50 miles, we estimate 50% of them will stay in Tukwila.
 - 1. 1,250 (Estimate)
 - e. Of the people staying overnight, the number of people who will stay in PAID accommodations (hotel/motel/bed-breakfast) in Tukwila.
 - i. 99% will stay in paid accomodations
 - f. Number of paid lodging room nights resulting from your proposed event/activity/facility?
 - i. 500+
- 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.
- a. Our estimate was based off of the average number of participants for the tier of events we will be producing and the frequency which they will be held.
 - b. Ticketing, social media engagement, competitor demographics, surveys.
14. Are you applying for lodging tax funds from another community? If, so, which communities and in what amounts?
- a. None
15. Are you applying funding from Seattle Southside Regional Tourism Authority (SSRTA)? If so, in what amount?
- a. None

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16. What is the overall budget for your event/activity/facility? What percent of the budget are you requesting from the City of Tukwila?
- a. \$150,000
 - b. 20%
17. What will you cut from your proposal or do differently if full funding for your request is not available or recommended?
- a. Advertising and frequency

Exhibit "A"

Scope of Services

As part of this Agreement, the City and the Contractor agree to the following scope of services for this partnership. The goal of this partnership to help increase tourism promotion in the City by helping bring visitors to the City and to help with the overall brand image of the City.

Intellectual Property and Use of Marks

1. Contractor grants the City a non-exclusive license to use of Virtual Sports marks and images for tourism promotion activities.
2. City grants Contractor a non-exclusive license to use the City's tourism promotion marks. Use of the City Seal is not authorized under this Agreement. The City shall have the sole discretion to determine the content and extent of the City's tourism promotion marks.

Presenting Sponsorships

1. Weekly Mixed Reality Concerts
 - The sponsorship will include six months of our Thursday Night mixed reality concerts hosted every Thursday and are being produced in partnership with Microsoft. Concerts feature a virtual reality DJ that is broadcast to:
 - Our video walls in the store viewable by our guests
 - Microsofts "Alt Space" which is a VR "world" that can be accessed using VR headsets from anywhere in the world.
 - Microsoft Mixer which is a live streaming platform viewable from any device including cell phones, computers, and Xbox consoles.
 - Unique impressions are estimated to be in the 1,000's per event.
 - As part of the presenting sponsor benefits, the City shall receive the following:
 - Promotion for events shall state, "Presented by" including the City's name and tourism mark exposure.
 - The above referenced marks will be overlaid onto the production making the sponsorship visible to anyone viewing the broadcast whether they are onsite or online.
2. Esports Initiative
 - Spring and Summer Seasons esports initiatives where we will be hosting tournaments Monday, Tuesday, and Wednesday of every week (schedule permitting) as well as monthly tournaments on rotating Saturdays in the primary competitive game titles:
 - Over 75 tournaments with attendance on site ranging between 25-75 competitors and 250 regular viewers on the live stream.

- 6 monthly tournaments scheduled with average attendance over 200 onsite and viewership over 1,500 through digital broadcasting channels
 - Broadcasts to Virtual Sports Twitch.tv and Mixer channels including digital marketing capability
- Esports Summer Camps to include educational and competitive development practices
 - Personal development classes surrounding digital broadcasting technology
 - Education opportunities both in actively competing or tournament organization and administration
- As part of the presenting sponsor benefits, the City shall receive the following:
 - Promotion for events shall state, "Presented by" including the City's name and tourism mark exposure.
 - The above referenced marks will be overlaid onto the production making the sponsorship visible to anyone viewing the broadcast whether they are onsite or online.
 - Decals on all of the gaming PC's
 - Logos on all of the desktops for the gaming PC's

General Marketing and Branding Activities

1. The location of all esports and music events shall be listed as "Tukwila" and not referenced as "Seattle". This shall include social media posts and tags, as well as media alerts, press releases and announcements if the actual location is mentioned outside of posting the address which would inherently be Tukwila.
2. City shall receive at least one 15-second commercial spot during each broadcast which will be pushed both onsite and online.
3. Virtual Sports will be available for the filming of any promotional videos that the City would like to create in an effort to drive awareness by the target demographics.

Economic Development

For economic development promotion and marketing purposes, Contractor shall provide the City the following:

1. A free to play gaming tournament for members of the community. Details are to be determined between the City and Contractor.
2. A different lodging establishment within the City, chosen by Contractor and rotating monthly, shall serve as the official hotel for all visiting teams and their guests throughout the term of the agreement.

VIRTUALSPORTS

POWERED BY:
FIERO 

Team



Brian Deller - CEO

10 years experience in LBE facility design and operations.

Designed and co-managed the software platform development.

12 years experience in CRE focused on site selection, permitting, and upzoning.



Scott McCraw - CTO

22 years enterprise software development at Microsoft

Two years at Amazon R&D Group

Two years in Silicon Valley at a gaming startup focused on children

Built 8 full stack mobile games focused on puzzles, poker, and black jack



Jake Greene - Community Development

10 years network engineering experience

20 years in competitive esports both as a competitor and organizer

5 years of live stream production ranging from small frequent streams, to full broadcast viewed by thousands.

Our Company

The “Top Golf” of Gaming



Virtual Sports is our Brick and Mortar “LBE” Facility

Most people under 50 years old grew up with a Nintendo in their house. Our business caters to them and their kids by creating an adult oriented, kid friendly experience. Positioned to be the intersection of digital and physical experiences. We host corporate events, birthday parties, concerts, esports tournaments, and more.



Fiero is our Software Development Division of the Company

The proprietary tool connects disparate systems such as the POS and entertainment systems to users and the player accounts they create. Data is tracked and experiences are “gamified” driving repeat business through leader boards and valuable business intelligence is generated as a by product.

69%



The amount of adults in America who regularly play video games.



Gaming - A form of play or sport, especially a competitive one played according to rules and decided by skill, strength, or luck.

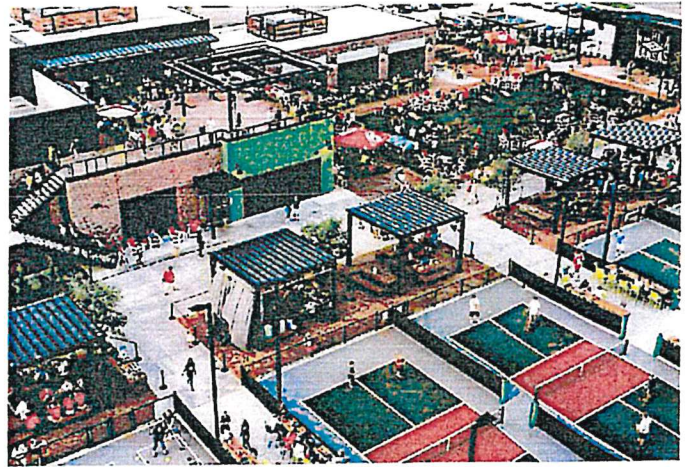
Problem

The ADHD Generation



Before Millenials

The overwhelming majority of people from developed countries, 40 and under, grew up with an Xbox, Nintendo, or Playstation in their house.



After Millenials

Their discretionary dollars are spent on experiential entertainment. They want activities, craft beverages, good food, and constant stimulation.

Solution

Facilities That Drive Attendance and Engagement Through Integrated Events and Experiences



Objective

Build a Sustainable
Esports Program in
the City of Tukwila

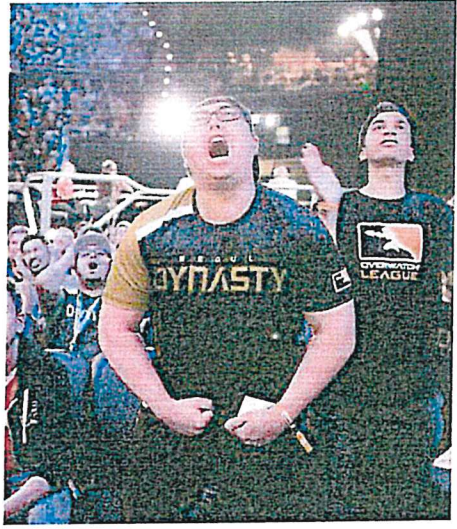


How

Community Development



Tournament Frequency

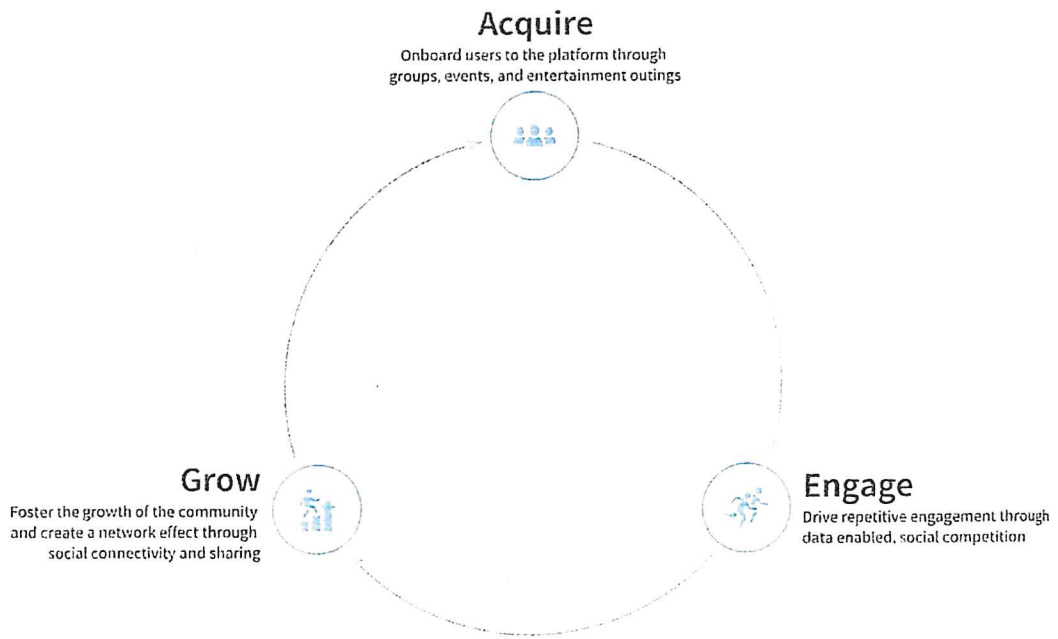


Spectator Friendly Events



Influencer Activations

Our Model



Why



High Loyalty

Millenials and Gen Z dont support big brands because they feel big brands have never done anything for them but they wont hesitate to donate money to their favorite live streamer that they watch DAILY.



Trending

Esports, Gaming, Millenials, and Gen Z are top of mind right now. They are the most difficult generations to reach through traditional advertising and they are the future. Gaming is the conduit for the messaging.



Connected

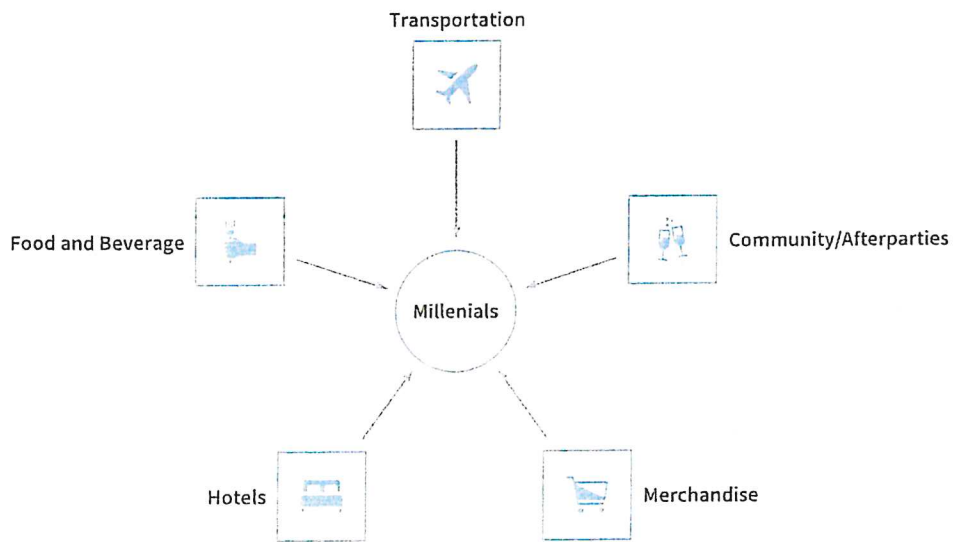
Hands down the most connected and digitally influential generations of all time. Earn their loyalty and they will spread your message for you organically. Which is the only type of messaging they listen to.



Proven Spenders

Experiences not things. Between their \$3,000 PC's, XBOX's and Iphone 11's, they've got everything they need. They drink, eat, and create memorable socialize experiences. Then they post pictures about it on Instagram.

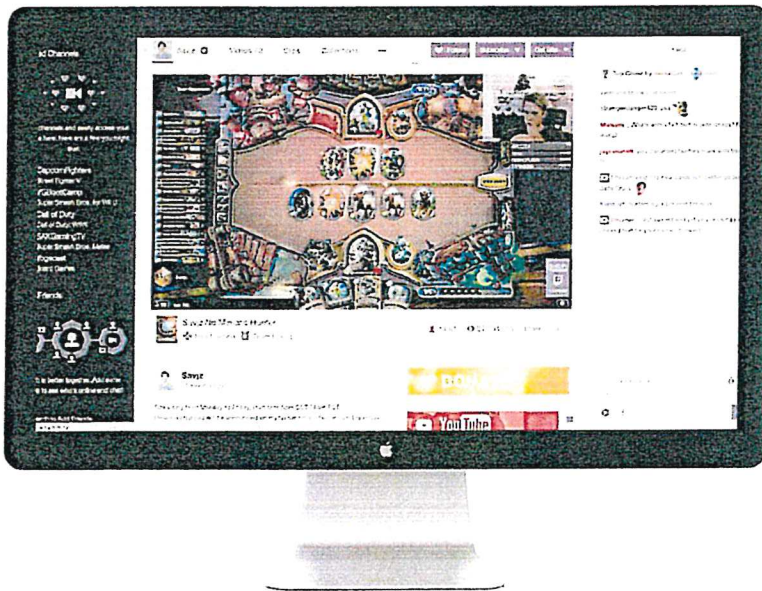
Spending Habits



Esports is growing on average 15% YOY projecting to hit 1.8 Billion by 2022.

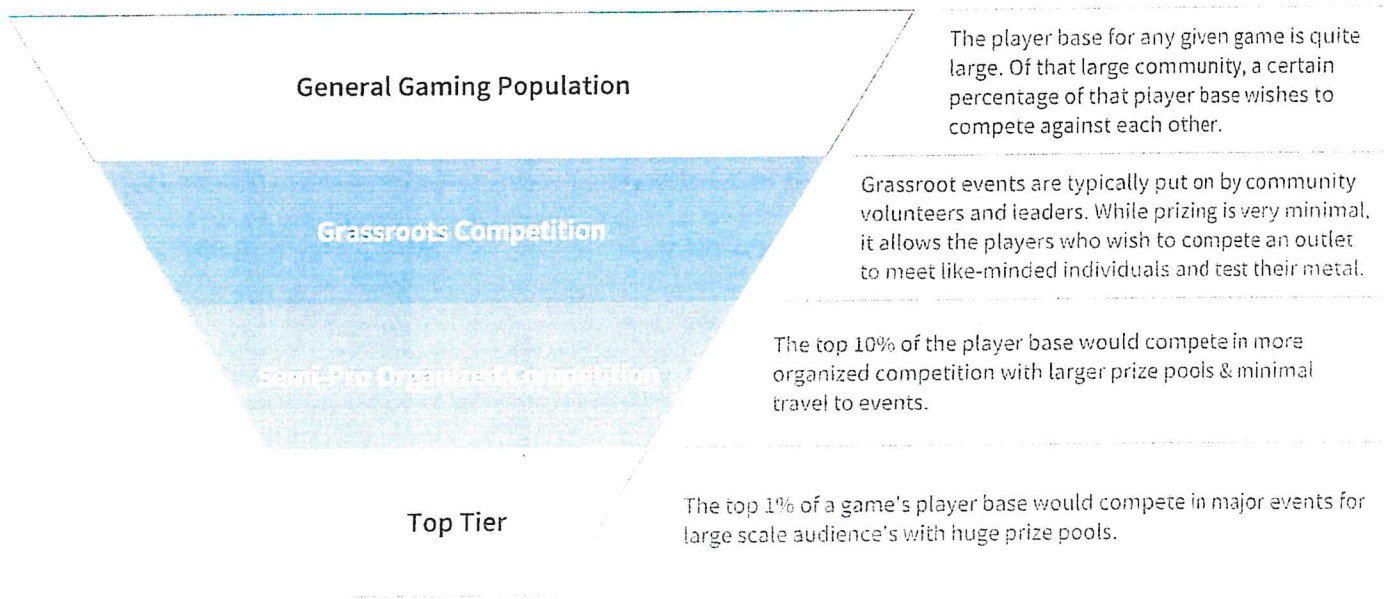


The Audience



- Player's and fans alike watch and consume Esports content primarily on Twitch, Mixer & Youtube
- Because of the digital format of Esports, player & fan bases' are global in nature
- Esports content is streamed online and for free, with most esport fans not owning a cable subscription at all (cord cutters)

The Esports Funnel



Esports Strategy

Our Customers Both Create and Consume Esports Content

Regional Esports Franchises

This concept will continue to grow and these teams only fill stadiums roughly 1-2 times a year in their home city. This is what we show on the screens and host watch party events for.

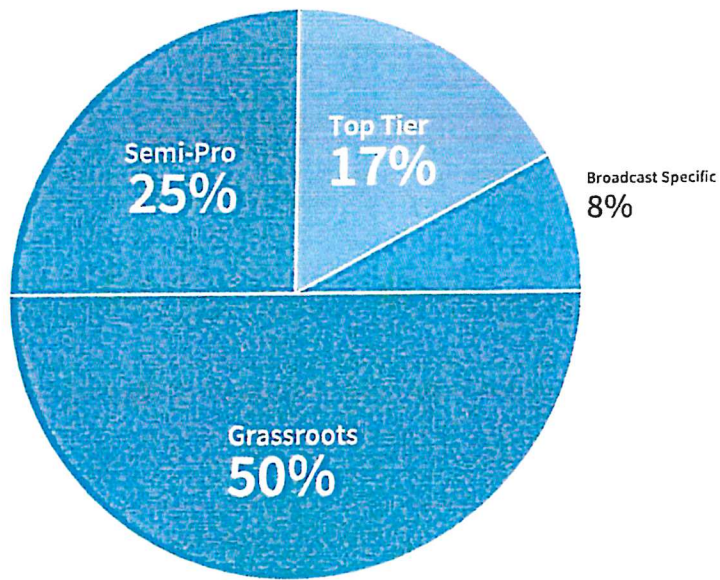
Competitive "Amateurs"

A large, under-served, and critically important component to success. The "Farm Teams" are top of mind for the industry right now and there isn't a venue infrastructure in place to accommodate these spectator friendly events.

Grass Roots and Online Players

These people play at home or in LAN centers where crowds cant assemble. We drive engagement through online tournaments allowing for larger qualifying events in store.

Event Type Frequency





Fiero Software Platform



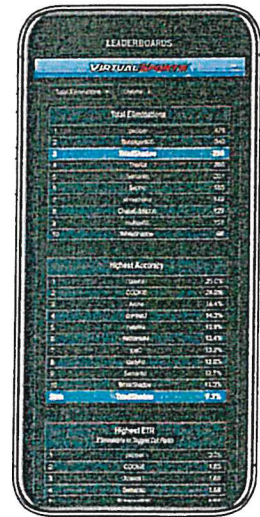
Choose your Experience



Analyze your Gameplay



Identify your Rivals



Follow the Leader



INFORMATIONAL MEMORANDUM

TO: Planning & Economic Development

FROM: Minnie Dhaliwal, Deputy Director of Department of Community Development

BY: Meredith Sampson, Associate Planner

CC: Mayor Ekberg

DATE: March 2, 2020

SUBJECT: HB 1406 Investments in Affordable Housing, Revenue Options

ISSUE

How does Tukwila want to allocate revenue received from HB 1406?

BACKGROUND

During the 2019 legislative session, the state approved HB 1406 which is a local revenue sharing program for local governments. This allows local governments to collect a portion of state sales tax for addressing affordable housing. The tax credit is in place for up to 20 years. All projects funded by HB 1406 must serve those at or below 60% of the area median income (AMI). Homelessness and affordable housing are key issues both in the region as a whole and in the City of Tukwila itself. The revenue available to cities through this bill is a way to begin to address this issue through acquiring, rehabilitating, or constructing affordable housing; operations and maintenance of new affordable housing or supportive housing facilities; or for rental assistance. House Bill 1406 can be found as Attachment A.

In September 2019 Tukwila passed Resolution No. 1966 and Ordinance No. 2316 with an effective date of November 1, 2019 to impose the Affordable Supportive Housing State Shared Tax authorized by HB 1406. The maximum award amount that Tukwila may receive each year is \$165,998.21.

The revenue from HB 1406 can be used for:

1. Acquiring, rehabilitating, or constructing affordable housing; and/or
2. Operations and maintenance of new affordable housing or supportive housing facilities; and/or
3. Providing rental assistance to tenants (only an option for cities with a population less than 100,000 people). Tukwila's current population is 20,294.

DISCUSSION

Tukwila must make a decision regarding how to spend the revenue received from HB 1406 for the next 20 years. There are three options for spending the revenue:

- 1. Pool revenue with participating South King Housing and Homelessness Partners (SKHHP) cities.**

Tukwila currently participates in South King Housing and Homelessness Partners (SKHHP), which is a coalition formed by an interlocal agreement between Auburn, Burien, Covington, Des Moines, Federal Way, Kent, Normandy Park, Renton, King County, and Tukwila. The purpose of SKHHP is to increase the available options for

South King County residents to access affordable housing and to preserve the existing affordable housing stock.

Tukwila Signed SKHHP Resolution No. 2019-06 (Attachment B) which supports the idea of all participating SKHHP cities pooling the revenue received from HB 1406. Auburn, Burien, and Des Moines have both passed resolutions to pool all funding received from HB 1406 with SKHHP, assuming all other cities will also pool their resources. If other cities decide not to pool their revenue, they will not pool either.

If all cities pool their revenue from HB 1406, the maximum revenue would be approximately one million dollars per year. The maximum yearly revenue per City is capped at .0073% of the sales tax revenue from 2019 and could be less based on actual sales tax collected each year. This tax credit is in place for 20 years, totaling approximately 20 million dollars overall if sales tax revenue stays consistent in the region. This money would be used toward affordable housing projects within the participating cities.

City	Estimated Annual Revenue
Auburn	\$154,992
Burien	\$65,477
Covington	\$43,678
Des Moines	\$29,793
Federal Way	\$124,142
Kent	\$185,467
Normandy Park	\$4,866
Renton	\$236,380
Tukwila	\$165,998
Total	\$1,010,793

Table 1. Estimates based on 2018 data

Of the participating SKHHP members, so far Auburn, Burien, and Des Moines have passed resolutions to pool 100% of their revenue from HB 1406. Kent has deferred this decision to the Mayor. The language used in the SKHHP Resolution No. 2019-06 specifies urging member *cities* to pool their funds. At this time King County is undecided as to how and where their revenue from this bill will be spent.

The SKHHP Executive Board will be the body that will decide on how the pooled revenue from HB 1406 will be spent. Counties and cities that enact the provisions of HB 1406 may issue general obligation or revenue bonds, and may use money collected under HB 1406 for the repayment of bonds.

2. Maintain all revenue to be used in Tukwila.

Tukwila could choose to keep all revenue collected from HB 1406 to be used toward: acquiring, rehabilitating, or constructing housing; operations and maintenance of new affordable housing; and/or providing rental assistance to low-income tenants, all within the City of Tukwila.

Some examples of revenue spending within the City are:

- Rehabilitating Tukwila’s existing affordable housing stock, which may include partnering with King County Housing Authority.
- Partnering with existing affordable housing developers on projects that are shovel-ready.
- Providing rental assistance to Tukwila’s low-income tenants.
- Exploring the option to bond with the purposes of funding affordable housing construction

3. Keep a portion of the revenue for rental assistance in Tukwila and pool the remainder with SKHHP.

Tukwila could choose to split the revenue from HB 1406 between rental assistance and pooling funds with SKHHP. Table 2 shows the maximum amount per year that Tukwila would keep for rental assistance and the amount that would be pooled with SKHHP when different percentages of the revenue from SHB 1406 are retained by the City.

Max. HB 1406 Revenue/Year	Percent Used for Tukwila Rental Assistance	Maximum \$/Year Used for Tukwila Rental Assistance	Maximum \$/Year pooled to SKHHP	Number of Tukwila households to be served
\$165,998	10%	\$16,599.80	\$149,398.20	24
\$165,998	15%	\$24,899.70	\$141,098.30	36
\$165,998	20%	\$33,199.60	\$132,798.40	47
\$165,998	25%	\$41,499.50	\$124,498.50	59
\$165,998	30%	\$49,799.40	\$116,198.60	71

Table 2. Split Revenue between Rental Assistance and SKHHP

Tukwila is in a unique position compared to other participating SKHHP cities. Only cities with a population under 100,000 people qualify to use the revenue from this bill on rental assistance, which Tukwila has. Tukwila also has an existing program in place that provides direct services to residents, which many other SKHHP cities do not.

In 2019, Human Services provided rental assistance to 66 households with grants averaging between \$500-\$700. However, an additional 181 residents were qualified and counted as a ‘turn-away’ – meaning they qualified for assistance, but the City had no funds available to assist. Between 2018 and 2019, the City experienced a 376% percent increase in rental assistance need over the previous year. For context, in 2018, the City turned away 35 qualified residents; the percent change is indicating the City is experiencing a significant increase in need for rental assistance which it did not meet. Approximately 70% of financial assistance calls to human services are requests for rental assistance. Allocating a portion of the revenue collected through this bill could allow the City to stabilize additional households and enable those households to remain in Tukwila.

If there are funds that have not been expended for rental assistance in Tukwila at the end of each year, these funds could then be pooled with SKHHP.

FINANCIAL IMPACT

Tukwila began collecting revenue from HB 1406 on November 1, 2019 per official notice from the Department of Revenue (Attachment C). Revenue is distributed to the City monthly from the

Department of Revenue as a percentage of Tukwila's sales tax that, prior to this bill, went to the State.

Tukwila's maximum yearly revenue from HB 1406 is \$165,998.21. Tukwila will keep .0073% of the sales tax up to the maximum amount. Once the maximum award is reached, distribution of the tax will stop for the remainder of the fiscal year.

RECOMMENDATION

Administration and staff recommend keeping 30% of the yearly revenue from HB 1406 to be used toward rental assistance while pooling the rest of the funds with participating SKHHP cities. If there are funds that have not been expended for rental assistance by the end of each year, staff recommends pooling this revenue with SKHHP. This will allow the City to assist with affordable housing projects in the region as well as assist Tukwila residents in need.

Staff recommends forwarding this item to the Council of the Whole meeting on March 23, 2020 and Regular Meeting on April 6, 2020.

ATTACHMENTS

- A. House Bill 1406
- B. SKHHP Resolution No. 2019-06
- C. Notice from Department of Revenue
- D. Resolution

SUBSTITUTE HOUSE BILL 1406

State of Washington

66th Legislature

2019 Regular Session

By House Housing, Community Development & Veterans (originally sponsored by Representatives Robinson, Macri, Chapman, Valdez, Senn, Peterson, Kloba, Tharinger, Gregerson, Stanford, Walen, Doglio, Frame, Jinkins, Riccelli, Slatter, Ormsby, and Santos)

READ FIRST TIME 02/08/19.

1 AN ACT Relating to encouraging investments in affordable and
2 supportive housing; and adding a new section to chapter 82.14 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.14
5 RCW to read as follows:

6 (1) The definitions in this subsection apply throughout this
7 section unless the context clearly requires otherwise.

8 (a) "Nonparticipating city" is a city that does not impose a
9 sales and use tax in accordance with the terms of this section.

10 (b) "Nonparticipating county" is a county that does not impose a
11 sales and use tax in accordance with the terms of this section.

12 (c) "Participating city" is a city that imposes a sales and use
13 tax in accordance with the terms of this section.

14 (d) "Participating county" is a county that imposes a sales and
15 use tax in accordance with the terms of this section.

16 (e) "Qualifying local tax" means the following tax sources, if
17 the tax source is instated no later than twelve months after the
18 effective date of this section:

19 (i) The affordable housing levy authorized under RCW 84.52.105;

20 (ii) The sales and use tax for housing and related services
21 authorized under RCW 82.14.530; and

1 (iii) The sales tax for chemical dependency and mental health
2 treatment services or therapeutic courts authorized under RCW
3 82.14.460.

4 (2)(a) A county or city legislative authority may authorize, fix,
5 and impose a sales and use tax in accordance with the terms of this
6 section.

7 (b) The tax under this section is assessed on the selling price
8 in the case of a sales tax, or value of the article used, in the case
9 of a use tax.

10 (c) The rate of the tax under this section for an individual
11 participating city and an individual participating county may not
12 exceed:

13 (i) Beginning on the effective date of this section until twelve
14 months after the effective date of this section:

15 (A) One one-hundredth percent for a:

16 (I) Participating city, unless the participating city levies a
17 qualifying local tax; and

18 (II) Participating county, within the limits of nonparticipating
19 cities within the county;

20 (B) Two one-hundredths percent for a:

21 (I) Participating city that currently levies a qualifying local
22 tax;

23 (II) Participating city if the county in which it is located
24 declares they will not levy the sales and use tax authorized under
25 this section; and

26 (III) Participating county within the unincorporated areas of the
27 county and any city that declares they will not levy the sales and
28 use tax authorized under this section;

29 (ii) Beginning twelve months after the effective date of this
30 section:

31 (A) One one-hundredth percent for a:

32 (I) Participating city that is located within a participating
33 county if the participating city is not levying a qualifying local
34 tax; and

35 (II) Participating county, within the limits of a participating
36 city if the participating city is not levying a qualifying local tax;

37 (B) Two one-hundredths percent within the limits of a:

38 (I) Participating city that is levying a qualifying local tax;
39 and

1 (II) Participating county within the unincorporated area of the
2 county and within the limits of any nonparticipating city that is
3 located within the county.

4 (d) A county may not levy the tax authorized under this section
5 within the limits of a participating city that levies a qualifying
6 local tax.

7 (e)(i) In order for a county or city legislative authority to
8 impose the tax under this section, the authority must adopt:

9 (A) A resolution of intent to adopt legislation to authorize the
10 maximum capacity of the tax in this section within six months of the
11 date in which this section takes effect; and

12 (B) Legislation to authorize the maximum capacity of the tax in
13 this section within one year of the date on which this section takes
14 effect.

15 (ii) Adoption of the resolution of intent and legislation
16 requires simple majority approval of the enacting legislative
17 authority.

18 (iii) If a county or city has not adopted a resolution of intent
19 in accordance with the terms of this section, the county or city may
20 not authorize, fix, and impose the tax.

21 (3) The tax imposed under this section must be deducted from the
22 amount of tax otherwise required to be collected or paid to the
23 department of revenue under chapter 82.08 or 82.12 RCW. The
24 department must perform the collection of such taxes on behalf of the
25 county or city at no cost to the county or city.

26 (4) By December 31, 2019, or within thirty days of a county or
27 city authorizing the tax under this section, whichever is later, the
28 department must calculate the maximum amount of tax distributions for
29 each county and city authorizing the tax under this section as
30 follows:

31 (a) The maximum amount for a participating county equals the
32 taxable retail sales within the county in state fiscal year 2019
33 multiplied by the tax rate imposed under this section. If a county
34 imposes a tax authorized under this section after a city located in
35 that county has imposed the tax, the taxable retail sales within the
36 city in state fiscal year 2019 must be subtracted from the taxable
37 retail sales within the county for the calculation of the maximum
38 amount; and

1 (b) The maximum amount for a city equals the taxable retail sales
2 within the city in state fiscal year 2019 multiplied by the tax rate
3 imposed under subsection (1) of this section.

4 (5) The tax must cease to be distributed to a county or city for
5 the remainder of any fiscal year in which the amount of tax exceeds
6 the maximum amount in subsection (4) of this section. The department
7 must remit any annual tax revenues above the maximum to the state
8 treasurer for deposit in the general fund. Distributions to a county
9 or city meeting the maximum amount must resume at the beginning of
10 the next fiscal year.

11 (6)(a) If a county has a population greater than four hundred
12 thousand or a city has a population greater than one hundred
13 thousand, the moneys collected or bonds issued under this section may
14 only be used for the following purposes:

15 (i) Acquiring, rehabilitating, or constructing affordable
16 housing, which may include new units of affordable housing within an
17 existing structure or facilities providing supportive housing
18 services under RCW 71.24.385; or

19 (ii) Funding the operations and maintenance costs of new units of
20 affordable or supportive housing.

21 (b) If a county has a population of four hundred thousand or less
22 or a city has a population of one hundred thousand or less, the
23 moneys collected under this section may only be used for the purposes
24 provided in (a) of this subsection or for providing rental assistance
25 to tenants.

26 (7) The housing and services provided pursuant to subsection (6)
27 of this section may only be provided to persons whose income is at or
28 below sixty percent of the median income of the county or city
29 imposing the tax. If the median income of a city enacting the tax
30 under this section is not available from the United States census
31 bureau, the housing and services provided pursuant to subsection (6)
32 of this section may only be provided to persons whose income is at or
33 below sixty percent of the median income of the county in which the
34 city is located.

35 (8) In determining the use of funds under subsection (6) of this
36 section, a county or city must consider the income of the individuals
37 and families to be served, the leveraging of the resources made
38 available under this section, and the housing needs within the
39 jurisdiction of the taxing authority.

1 (9) To carry out the purposes of this section including, but not
2 limited to, financing loans or grants to nonprofit organizations or
3 public housing authorities, the legislative authority of the county
4 or city imposing the tax has the authority to issue general
5 obligation or revenue bonds within the limitations now or hereafter
6 prescribed by the laws of this state, and may use, and is authorized
7 to pledge, the moneys collected under this section for repayment of
8 such bonds.

9 (10) A county or city may enter into an interlocal agreement with
10 one or more counties, cities, or public housing authorities in
11 accordance with chapter 39.34 RCW. The agreement may include, but is
12 not limited to, pooling the tax receipts received under this section,
13 pledging those taxes to bonds issued by one or more parties to the
14 agreement, and allocating the proceeds of the taxes levied or the
15 bonds issued in accordance with such interlocal agreement and this
16 section.

17 (11) Counties and cities imposing the tax under this section must
18 report annually to the department of commerce on the collection and
19 use of the revenue. The department of commerce must adopt rules
20 prescribing content of such reports. By December 1, 2019, and
21 annually thereafter, and in compliance with RCW 43.01.036, the
22 department of commerce must submit a report annually to the
23 appropriate legislative committees with regard to such uses.

24 (12) The tax imposed by a county or city under this section
25 expires twenty years after the date on which the tax is first
26 imposed.

--- END ---

RESOLUTION NO. 2019-06

**A RESOLUTION OF THE EXECUTIVE BOARD OF THE
SOUTH KING COUNTY HOUSING AND HOMELESSNESS
PARTNERS URGING SKHHP MEMBER CITIES TO
SUPPORT POOLING OF HB 1406 FUNDS.**

WHEREAS, in 2019 the cities of Auburn, Burien, Covington, Des Moines, Federal Way, Kent, Normandy Park, Renton, and Tukwila and King County entered into an Interlocal Agreement (ILA) that formed the South King Housing and Homelessness Partners (SKHHP); and

WHEREAS, pursuant to the ILA, the member cities have a common goal to ensure availability of housing that meets the needs of all income levels in South King County; and

WHEREAS, also pursuant to the ILA, the member cities wish to act cooperatively to formulate housing policies and strategies that address housing stability, to foster efforts to preserve and provide affordable housing by combining public funding with private-sector resources, to support implementation of the Washington State GMA, related countywide planning policies, and other local policies and program relating to affordable housing, and to do so efficiently and expeditiously; and

WHEREAS, also pursuant to the ILA, the member cities have determined that the most efficient and expeditious way for the parties to address affordable housing needs in South King County is through cooperative action and pooling of public and private resources; and

WHEREAS, the ILA states that the parties intend that the ILA serves as a framework for all participating municipalities within the broader SKHHP Sphere of Influence to do the aforementioned work; and

WHEREAS, on July 26, 2019 the SKHHP Executive Board adopted Resolution 2019-05 which urges member cities to declare their intent to enact the provisions of HB 1406; and

WHEREAS, Resolution 2019-05 states that the Executive Board commits to developing options and a recommendation, including for the proposed pooling of funding, that details funding commitments for each member city's legislative authority to consider for future subsequent action; and

WHEREAS, HB 1406 is a powerful and meaningful funding source to further advance the efforts of the housing objectives established through the ILA that, if pooled, will generate approximately \$1,000,000 per year for the eligible 20 year period (See Attachment A); and

WHEREAS, the Executive Board adopts the recommendations contained within this resolution as a unified statement of support by SKHHP member cities.

NOW, THEREFORE, THE EXECUTIVE BOARD RESOLVES as follows:

Section 1. The Executive Board of SKHHP urges all member cities to pool the base sales tax credit revenues collected under HB 1406 and to allocate the full amount of those revenues to SKHHP.

Section 2. In order to maximize HB 1406 funding within King County, the Executive Board of SKHHP urges all member cities to take Ordinance action on HB 1406 after King County takes action.

Section 3. The Executive Board of SKHHP urges King County to award HB 1406 funds to housing development based in the Urban Growth Areas (UGA) of SKHHP member cities in a manner that proportionately represents the cumulative population of the UGA's of SKHHP member cities.

Section 4. The Executive Board of SKHHP commits to aligning the use of HB 1406 funds with the work plan required within the adopted ILA and the recommendation and priorities of the Regional Affordable Housing Task Force Five Year Action Plan.

Section 5. Individual municipalities have unique housing needs and priorities and not every project proposal will align with a city's goals, policies, or laws. The intent and effect of this resolution is not to usurp a city's individual authority. Therefore, if funds are pooled for the purpose of aiding in the creation or preservation of housing, the process for project consideration must allow the city in which the project is proposed to first approve or reject the proposal prior to the Executive Board's commitment of funds to the project.

Section 6. This Resolution will take effect and be in full force on passage and signature.

Dated and Signed this 25th day of November, 2019.

SOUTH KING COUNTY HOUSING AND HOMELESSNESS PARTNERS


NANCY BACKUS, CHAIR


Shawn Campbell, Auburn City Clerk

SKHHP Resolution 2019-06 Attachment A

Estimated HB 1406 Revenue by SKHHP Municipality (based on 2018 revenues)

City	Estimated Annual Revenue
Auburn	\$154,992
Burien	\$65,477
Covington	\$43,678
Des Moines	\$29,793
Federal Way	\$124,142
Kent	\$185,467
Normandy Park	\$4,866
Renton	\$236,380
Tukwila	\$162,046
Total (not including King County)	\$1,006,841.00



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

November 20, 2019

Meredith Sampson, Assistant Planner
City of Tukwila
6300 Southcenter Blvd Ste 100
Tukwila, WA 98188

Re: City of Tukwila Ordinance No. 2613

Affordable and Supportive Housing State Shared Tax

Dear Ms. Sampson:

The Department of Revenue has received your Resolution No. 1966 and Ordinance No. 2316 on September 30, 2019 with the effective date of November 1, 2019 to impose the Affordable and Supportive Housing State Shared Tax authorized by Substitute House Bill (SHB) 1406 and Revised Code of Washington (RCW) 82.14.540.

As required by RCW 82.14.540, the Department has calculated the maximum capacity (cap) of \$165,998.21. Once the maximum award amount has been reached, the tax shall cease to be distributed for the remainder of the fiscal year.

If you have any questions, you may contact me at (360) 705-6039.

Sincerely,

A handwritten signature in cursive script that reads "Jessica Hicks".

Jessica Hicks
Tax Administration Manager
Taxpayer Account Administration

DRAFT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AUTHORIZING THE MAYOR TO KEEP 30% OF THE FUNDS, UP TO A MAXIMUM OF \$49,800 ANNUALLY, COLLECTED UNDER THE PROVISIONS OF WASHINGTON STATE HOUSE BILL 1406 AND CITY OF TUKWILA ORDINANCE NO. 2613 FOR RENTAL ASSISTANCE TO LOW-INCOME TENANTS, AND FOR TRANSFER OF THE REMAINING FUNDS COLLECTED TO THE SOUTH KING HOUSING AND HOMELESSNESS PARTNERS.

WHEREAS, the 2019 Washington State Legislature enacted Senate House Bill (SHB) 1406 on July 28, 2019, which authorizes cities and counties to recapture a portion of the Washington State sales tax for use to support affordable housing initiatives; and

WHEREAS, on September 16, 2019, the Tukwila City Council adopted and enacted Resolution No. 1966 and Ordinance No. 2613, which authorize a recapture of Washington State sales tax, under SHB 1406, that is estimated to generate approximately \$165,000 per year for the next 20 years; and

WHEREAS, the Tukwila City Council authorized the Mayor to enter into an Interlocal Agreement with 8 other south King County cities and King County to form the South King Housing and Homelessness Partners; and

WHEREAS, the City of Tukwila executed the South King Housing and Homelessness Partners (SKHHP) Interlocal Agreement on February 21, 2019; and

WHEREAS, the Interlocal Agreement states that “the Parties have determined that the most efficient and expeditious way for the Parties to address affordable housing needs in South King County is through cooperative action and pooling public and private resources”; and

WHEREAS, all members of SKHHP have taken action to enact the sales tax recapture provisions established in SHB 1406; and

WHEREAS, on November 22, 2019, the SKHHP Executive Board adopted SKHHP Resolution 2019-06, which urges its members to pool funds collected under the provisions of SHB 1406; and

WHEREAS, the City of Tukwila is qualified under SHB 1406 to use funds collected toward rental assistance to low-income tenants; and

WHEREAS, the City of Tukwila's Human Services Department has a program already in place that provides direct services to households in need and has to turn away qualified residents each year due to a lack of funds; and

WHEREAS, the City of Tukwila will keep 30% of the recaptured Washington State sales tax funds collected under SHB 1406, up to a maximum of \$49,800 annually, to be used for rental assistance to residents and will pool the remainder of the funds with SKHHP; and

WHEREAS, SHB 1406 funds may be used for the purpose of acquiring, rehabilitating or constructing affordable housing; funding the operations and maintenance costs of new units of affordable or supportive housing; and for rental assistance; and

WHEREAS, SHB 1406 requires counties and cities that enact its provisions to also provide annual reports to the Department of Commerce;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Resolution of Intent. The City Council declares its intent to authorize the City of Tukwila to keep 30% of the recaptured Washington State sales tax funds collected under SHB 1406, up to a maximum of \$49,800 annually, and to transfer the remaining funds collected to the South King Housing and Homelessness Partners (SKHHP).

Section 2. Further Authority; Ratification. All City officials, their agents, and representatives are hereby authorized and directed to undertake all action necessary or desirable from time to time to carry out the terms of, and complete the actions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

Section 3. This authorization is contingent upon each of the other SKHHP cities taking similar action to direct a proportionate amount of SHB 1406 funds to SKHHP.

Section 4. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2020.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

De'Sean Quinn, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____

Passed by the City Council: _____

Resolution Number: _____

Office of the City Attorney



INFORMATIONAL MEMORANDUM

To: Planning and Economic Development Committee

From: Jack Pace, DCD Director

CC: Mayor Ekberg

By: Lynn Miranda, AICP, Planning Manager
Nancy Eklund, AICP, Senior Planner

Date: February 25, 2020

Subject: Zoning Changes to Support Tukwila International Blvd (TIB) Element Implementation

Issue

Should the City Council adopt zoning code modifications to prohibit certain land uses in the Tukwila International Blvd (TIB) district study area prior to adopting a comprehensive set of revised development regulations, in order to eliminate the need to extend the moratorium?

Background

A key goal of the Comprehensive Plan's *Tukwila International Boulevard Element* is to transition TIB from a region-serving highway to a safer, walkable "main street" with housing and neighborhood-serving commercial services. Implementation of the Comprehensive Plan started in February 2017 with a community workshop hosted by the City and the Congress for New Urbanism (CNU). The workshop resulted in a final report presented to Council that recommended revisions to permitted uses, development standards, design guidelines, and a roadway cross-section for TIB.

The current zoning code regulations were adopted prior to the 2015 Comprehensive Plan update and allow uses that do not support the community's vision. In July 2017 Council adopted a moratorium prohibiting auto-oriented uses to prevent the expansion of these types of existing uses or the development of new ones. This action was intended to allow staff time to develop design alternatives for TIB roadway as well as revised development standards that would fully implement the Comprehensive Plan and community vision for the TIB neighborhood. The moratorium also included certain types of lodging that have contributed to serious crime in the City. The purpose of the moratorium was also to prevent developers from investing in these uses as they were likely not going to be allowed under the proposed zoning code. Council has been continuing to renew the moratorium since its adoption.

Specific uses affected by the moratorium include the development, expansion, intensification or establishment of any auto-oriented commercial uses including but not limited to gas stations; car washes; vehicular repair or services; vehicular sales or rentals; vehicular storage; commercial parking and drive-throughs; battery, tire, engine body repair shops; vehicular sales or rentals; and hotels, motels, and extended-stay facilities.

Discussion

The TIB planning process, including public review and Council adoption of the comprehensive set of development regulations and design guidelines implementing the Comprehensive Plan, is anticipated to be completed by the end of the 3rd Quarter in 2020, after the current moratorium is set to expire in July. (Attachment A). Revising *Table 18-6: Land Uses Allowed by District* in the TMC to prohibit the development, expansion, intensification or establishment of the uses

identified in the moratorium within the TIB district study area would eliminate the need to extend the moratorium in July. This action would also serve as a placeholder for the more comprehensive revisions to the development regulations that will come before Council in the 3rd Quarter in 2020.

Within the TIB district study area, all of these uses are currently permitted in the Regional Commercial (RC) zone, while some uses are permitted in the Neighborhood Commercial Center (NCC) zone (Attachment B). A map showing the businesses currently located within these zones and affected by the proposal are shown in Attachment B. If the proposed modifications are adopted, these businesses would become legal non-conforming uses and subject to the provisions of TMC 18.70.040. They would not be allowed to expand or intensify, and if the use ceases for a period of more than six consecutive months, or a total of 365 days in a three year period, any subsequent use must conform with the regulation of the zoning district. Over time, it is intended that these uses will be replaced with uses that are more neighborhood-serving and contribute to a walkable streetscape.

It should also be noted that the proposed action will not change the densities, heights, parking standards or other development regulations affecting building size or lot design. These modifications to the development standards are anticipated to be brought forward in the more comprehensive package to the public, Planning Commission, and City Council for review and adoption later this year.

If these placeholder zoning changes are not adopted or the moratorium is not renewed, redevelopment could occur that does not support the vision and Comprehensive Plan goals and policies.

Recommendation

Request that the Planning Commission hold a public hearing on March 26, 2020 to consider zoning code revisions prohibiting the development, expansion, intensification or establishment of any auto-oriented commercial uses including but not limited to gas stations; battery, tire, engine body repair shops; vehicular sales or rentals; commercial parking; and hotels, motels, and extended-stay facilities in NCC and RC zoning districts located within the TIB study area.

Attachments:

- A. TIB Neighborhood Plan Workprogram
- B. TIB District Study Area Map, Zoning and Affected Businesses

**Attachment A
Tukwila International Boulevard (TIB) Neighborhood Plan
Work Program**

Work program – 2020

1st Quarter

- PED forwards zoning code changes prohibiting auto-oriented and hotel/motel uses to the Planning Commission for review and public hearing
- Planning Commission hearing and recommendation on zoning code changes prohibiting auto-oriented and hotel/motel uses
- PED considers Planning Commission recommendations re: zoning code revisions prohibiting auto-oriented and hotel/motel uses and forwards to COW
- PED considers final TIB rechannelization evaluation report

2nd Quarter

- Council hearing and decision on zoning code changes prohibiting auto-oriented and hotel/motel uses
- Council selects preliminary TIB rechannelization alternative
- Staff finalizes draft comprehensive set of TIB zoning code revisions (incorporating rechannelization alternative) and Design Manual guidelines for public review
- TIB zoning code revisions & design manual outreach to TIB area property owner, resident and development community
- Prepare Draft Environmental Checklist (SEPA)
- Issue SEPA Determination

3rd Quarter

- City Council/Planning Commission joint work sessions on comprehensive set of TIB zoning code revisions and design manual guidelines.
- Planning Commission and City Council public hearings, deliberation, and decision on TIB zoning code revisions and design manual.

Products:

- Comprehensive Plan Map Amendment
- Zoning Code and Map Amendments
- TIB Design Manual
- Environmental Checklist and Determination

Work completed

2017

- CNU Legacy Workshop in Tukwila – February
- CNU Final Report Presentation to City Council Meeting - May
- Refined household and employment Yr. 2031 forecasts for TIB neighborhood for traffic analysis on the street modification
- Selected a consultant for the SEPA analysis of the proposed TIB Plan
- Contracted for additional transportation professional services on design standards for TIB neighborhood street standards

- Reviewed draft Land Use Chart and Zoning Map amendments with Planning Commission - August 24, 2017
- Council adopted a moratorium on certain uses in the TIB study area in September
- Briefed TIBAC on above draft amendments – October 10, 2017
- Briefed Transportation and Infrastructure Committee (11/14/17) on traffic analysis and associated capital improvement costs and obtained direction for additional analysis
- Reviewed consultant's draft street circulation improvements
- Contracted for an update to the Tukwila International Boulevard Design Manual

2018

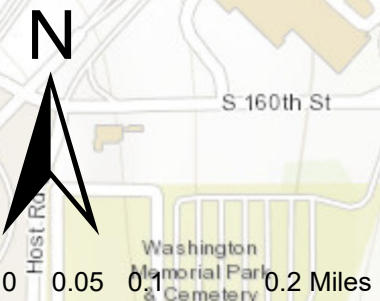
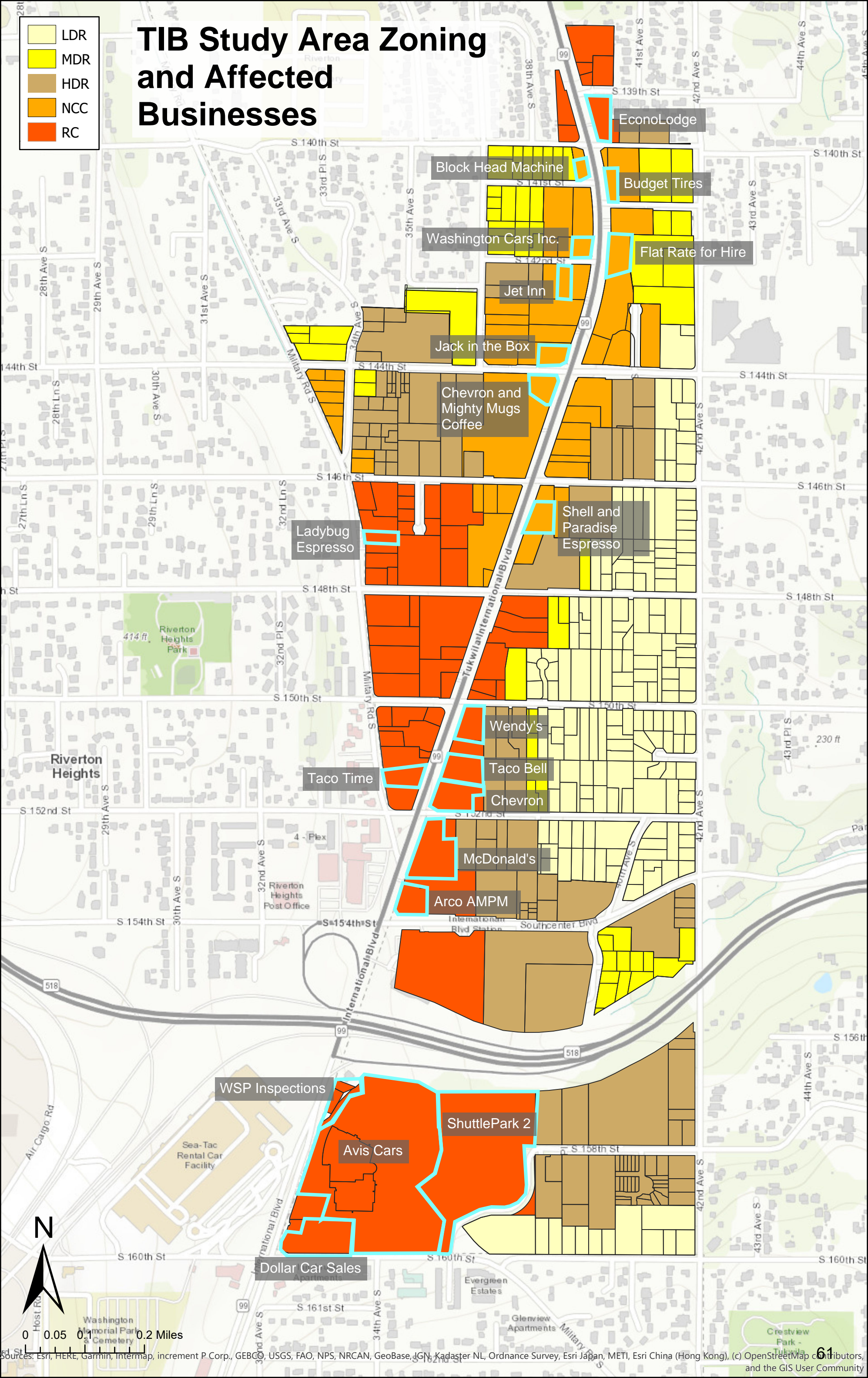
- Contracted for additional engineering services analyzing TIB on-street parking impacts and cost
- Began creation and modification of alternative Zoning District boundaries and zoning standards based upon Planning Commission land use discussion, street designations and designs
- Drafted new street cross-sections for TIB streets and a new circulation network based on CNU engineering consultant recommendations and anticipated land uses
- Council extended moratorium on certain uses in the TIB study area in July and December.
- Updated Council on current direction and schedule for implementing TIB zoning changes and possible TIB on-street parking options. Recommended further analysis of TIB on-street parking options.
- Consultants delivered draft TIB zoning code revisions and draft of updated TIB Design Manual to staff
- Circulated draft Zoning revisions for internal review

2019

- Contracted for additional TIB rechannelization and mitigation options.
- Worked on revisions to the TIB Design Manual
- Council renewed moratorium on certain uses in the TIB study area in May and December.
- Planning Commission and City Council Field Trip to view on-street parking options

TIB Study Area Zoning and Affected Businesses

- LDR
- MDR
- HDR
- NCC
- RC





INFORMATIONAL MEMORANDUM

**TO: Community Services & Safety Committee AND
Planning & Economic Development Committee**

FROM: Rick Still, Parks & Recreation Director

BY: Robert Eaton, Parks & Recreation Manager

CC: Mayor Ekberg

DATE: February 24, 2020

SUBJECT: Parks, Recreation, and Open Space Draft Plan Review and Final Adoption

ISSUE

Review, discussion, and adoption by ordinance of the 2020 Parks, Recreation, and Open Space Plan.

BACKGROUND

An agency has a Parks, Recreation, and Open Space (PROS) Plan for a number of reasons. It helps to establish the parks and recreation needs of a community and identifies strategies to meet those needs. It establishes a 6-year Capital Improvement Plan and provides policy and standards to guide the department for the future. It also serves as the Open Space Plan which is required for the City to be eligible for State and Federal grant funding. Staff is proposing to adopt an updated PROS Plan in 2020 for the following reasons:

- The most recent PROS Plan was adopted in 2014 and expired in 2019.
- The PROS Plan was budgeted to be updated in 2019 according to the 2019 – 2024 Financial Planning Model and Capital Improvement Program.
- The PROS Plan serves as the Master Plan for Parks, Recreation, and Open Space. In order to continue to qualify for Federal and State Grant Funding, this must be updated.
- Significant changes have occurred since the current PROS Plan was adopted in 2014, including demographic, financial climate, service providers, and department staffing levels. The plan will help to forecast future trends and their impact on parks and recreation.
- The PROS Plan evaluates the parks system, recreation programs, facilities, and events; identifies underserved portions of the community; and provides recommendations and funding strategies to help meet identified needs.
- The PROS Plan takes into account the City's Strategic Plan, Comprehensive Plan, countywide planning policies, and the Growth Management Act.

The current 2014 – 2019 Parks, Recreation, and Open Space (PROS) Plan was adopted by Ordinance Number 2207 on February 18, 2014 and amended by Ordinance Number 2573 on May 7, 2018 (in conjunction with the Parks Impact Fees update). Staff have been working with a consultant, MIG, since May 2019 to update the PROS Plan.

On October 29, 2019, MIG presented an update to the Community Development and Neighborhoods Council Committee on the PROS Plan process and accomplishments. The update included community engagement efforts, needs assessment findings, and key challenges, barriers, and potential opportunities. The 2019 CDN Committee provided valuable input on the plan development.

At the December 4, 2019 Community Development and Neighborhoods Council Committee, staff shared the top ten key needs identified through the community engagement process, along with capital projects and priorities. The Council Committee reviewed, discussed, and provided feedback to staff to help guide future decision making on capital projects and priorities that best address the key needs.

The culmination of all the community and committee work is captured in the draft 2020 – 2025 PROS Plan, which is complete and open to the public for review and comment.

DISCUSSION

A draft version of the PROS Plan was made available to the public on Friday, February 14, 2020 for review and comment (Attachment A). The review period closes Sunday, March 1, 2020. Concurrently, the draft PROS Plan was distributed to all Councilmembers. Staff are facilitating review and discussion of the draft plan with both the Community Services & Safety and Planning & Economic Development Council Committees. Additionally, there is a public hearing scheduled for February 24, 2020 Committee of the Whole.

Once the review period closes, the consultant will update the plan and a final version will be presented at the March 23, 2020 Committee of the Whole, and subsequent April 6, 2020 Regular Meeting for adoption by ordinance (Attachment B). The final plan will need to be adopted at the April 6, 2020 Regular Meeting to be eligible to apply in this 2-year cycle for potential future grant funding from the Washington State Recreation and Conservation Office (RCO). If the plan is not adopted by that time, special permission will have to be pursued from RCO to become eligible, however, it is not guaranteed.

Here is a summary of the review and adoption schedule for reference.

- 2/14 – Draft plan distributed to all Councilmembers
- 2/24 – CSS Committee draft plan review & feedback
- 2/24 – COW Public Hearing
- 3/2 – PED Committee draft plan review & feedback
- 3/23 – COW Plan Adoption (discussion)
- 4/6 – REG Plan Adoption by Ordinance

FINANCIAL IMPACT

n/a

RECOMMENDATION

The Council Committees are being asked to consider this item and approve sending the final version of the PROS Plan to the March 23, 2020 Committee of the Whole and the April 6, 2020 Regular Meeting for adoption by ordinance.

ATTACHMENTS

- A. DRAFT Ordinance adopting the 2020 – 2025 Parks, Recreation, and Open Space
- B. DRAFT 2020 – 2025 Parks, Recreation, and Open Space Plan

DRAFT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, ADOPTING A NEW PARKS, RECREATION, AND OPEN SPACE PLAN FOR THE CITY OF TUKWILA; REPEALING ORDINANCE NOS. 2430 AND 2573; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, RCW 35A.63.062 authorizes the City of Tukwila to perform comprehensive park and open space planning; and

WHEREAS, the Tukwila City Council requested that (through the Parks and Recreation Department) the administration prepare an updated Parks, Recreation, and Open Space (PROS) Plan; and

WHEREAS, to remain eligible for state funding the City's PROS Plan must be updated every six years as required by the Washington State Recreation and Conservation Office; and

WHEREAS, the PROS Plan has been evaluated as appropriate under SEPA pursuant to RCW 43.21C in 2019; and

WHEREAS, the City administration and Park Commission have completed review and modification of the PROS Plan, and have forwarded the 2020 Parks, Recreation, and Open Space Plan to the City Council for review and adoption; and

WHEREAS, the PROS Plan was presented to the public for comment and modification at a public hearing on February 24, 2020;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. The 2020 Parks, Recreation, and Open Space Plan, attached hereto as Exhibit A, is hereby adopted.

Section 2. A copy of the 2020 Parks, Recreation and Open Space Plan shall be kept on file electronically and accessible from the City's website in accordance with Washington State records retention schedule requirements and City policy, and shall be made available to the public upon request.

Section 3. A copy of this ordinance and the Parks, Recreation, and Open Space Plan shall be filed with the following City departments:

1. Community Development
2. Public Works Department
3. Finance Department
4. Parks & Recreation Department
5. Mayor's Office

Section 4. The 2014 Parks, Recreation, and Open Space Plan, adopted by Ordinance No. 2430 on February 18, 2014, and amended by Ordinance No. 2573 on May 7, 2018, is hereby repealed.

Section 5. Repealer. Ordinance Nos. 2430 and 2573 are hereby repealed.

Section 6. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

Section 7. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

Section 8. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City, and shall take effect and be in full force five days after passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2020.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____

Passed by the City Council: _____

Published: _____

Effective Date: _____

Office of the City Attorney

Ordinance Number: _____

Attachment: Exhibit A – 2020 Parks, Recreation, and Open Space Plan