



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

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

<u>Distribution:</u>	
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	L. Humphrey

AGENDA

MONDAY, AUGUST 3, 2020 – 5:30 PM

HAZELNUT CONFERENCE ROOM
 (At east entrance of City Hall)

**THIS MEETING WILL NOT BE CONDUCTED AT CITY FACILITIES
 BASED ON THE GOVERNOR'S PROCLAMATION 20-28.**

**THE PHONE NUMBER FOR THE PUBLIC TO LISTEN TO THIS
 MEETING IS: 1-253-292-9750, Access Code 665320301#**

Item	Recommended Action	Page
1. BUSINESS AGENDA		
a. King County Coronavirus Relief Fund Grant in the amount of \$31,965. <i>Derek Speck, Economic Development Administrator</i>	a. Committee consideration/ decision.	Pg.1
b. Economic Development Work Plan. <i>Derek Speck, Economic Development Administrator</i>	b. Discussion only.	Pg.5
c. Tourism funding: Work Plan. <i>Brandon Miles, Business Relations Manager</i>	c. Discussion only.	Pg.11
d. Tourism funding: Tourism promotion and lodging tax briefing. <i>Brandon Miles, Business Relations Manager</i>	d. Discussion only.	Pg.15
e. "Experience Tukwila": Performance measures. <i>Brandon Miles, Business Relations Manager</i>	e. Discussion only.	Pg.33
2. MISCELLANEOUS		

Next Scheduled Meeting: August 17, 2020



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INFORMATIONAL MEMORANDUM

TO: Planning and Economic Development Committee
FROM: Derek Speck, Economic Development Administrator
CC: Mayor Ekberg
DATE: July 27, 2020
SUBJECT: Business Recovery Update: Grants

ISSUE

Staff requests Committee approval to use a \$31,965 grant from King County’s Coronavirus Relief Fund.

BACKGROUND

King County allocated \$1.95 million to cities within the County (except Seattle) to provide economic relief and support to small and underserved businesses. On June 19, the City of Tukwila was notified that we are eligible to receive \$31,965. A copy of the County’s objectives and eligible expenditures is attached.

Eligible uses and examples of expenditures are described on page 2 of the attachment titled King County Corona Virus Relief Fund – Subrecipient Grant Agreement. Potential uses of these funds was briefly discussed at the Committee’s meetings on July 6 and July 20. At the July 20 meeting the Committee focused on two options:

- (1) Issuing small grants directly to businesses.
- (2) Marketing Tukwila’s International Boulevard through a program that includes small business grants in combination street pole banners or flags representing the United States and the main countries of origin for our residents with a social media component to attract visitors to the area.

Staff has asked the County if street pole banners or flags would be an eligible expense under their grant criteria. They are looking into it and we hope to have their answer in time for the PED meeting.

DISCUSSION

Staff recommends using the funds to issue grants directly to small businesses. We recommend the following approximate allocation:

Direct grants	\$26,000
Grant administrator	\$ 3,000
Interpretation and assistance	\$ 2,000
PPE	\$ 965
Total	\$31,965

Grants would be up to \$1,000 each and would reimburse businesses for business interruption costs not previously satisfied by any other funding source. The grant administrator would be an organization, such as Evergreen Business Capital, which is a lender certified by the US Small Business Administration and a mission to provide financing to underserved communities. We recommend reserving some funds for interpretation and assistance. This could be used to translate documents, one-on-one interpretation, or small contracts with local non-profits to provide technical assistance in our top languages to help businesses fill out the application. Under this grant the City could purchase and give PPE to eligible businesses. That may be a useful way to introduce the program and build relationships with very small businesses.

Due to the very limited funds, it would be unfortunate to set eligibility criteria so wide as to have many applications that would be rejected due to lack of funds. Also, due to the small size of the grants, it is important for the application process to be as simple as possible for the businesses, the grant administrator, and the City. Thus, in addition to other basic criteria, staff recommends the following key eligibility criteria:

- a) Businesses with fewer than 10 FTEs
- b) Located within the Tukwila International Boulevard District boundary
- c) Occupies a brick and mortar location (versus purely online)
- d) Gross annual revenues under \$1 million
- e) Properly paid the City business license for past two years

If we receive more applications than available funding, we recommend the following ranking criteria:

- a) Historically underserved business owner
- b) Financial impact due to COVID-19 pandemic
- c) Required to close under Washington State's Stay Home order
- d) Required to reduce capacity and operations under Washington's Safe Start order
- e) Serves key community need of child care

Staff is available to discuss variations of the above program or other alternatives.

FINANCIAL IMPACT

No budget changes are requested at this time; however, we would need an amendment to the 2020 budget to reflect the grant revenue and matching expenses of up to \$31,965.

RECOMMENDATION

Authorize staff to implement the small business grant program as described.

ATTACHMENTS

King County Corona Virus Relief Fund – Attachment C Scope of Work

King County Coronavirus Relief Fund Subrecipient Grant Agreement Economic Development for Cities

ATTACHMENT C - PROGRAM SCOPE OF WORK

1. Introduction

On May 12, 2020, King County Council passed Ordinance 19103, which allocated a total of \$1.95 million for a grant program to support King County cities' economic relief and recovery activities in response to the COVID-19 public health emergency. This grant program is intended to help alleviate the significant adverse economic impact of COVID-19 on incorporated municipalities of King County. The funds will be distributed to every city of King County, except for the city of Seattle, based on per capita population with a minimum grant of \$10,000.

Note: With the grant minimum set at \$10,000, some of the calculated city allocations will be adjusted slightly to keep the total programmatic allocation at \$1.95 million.

2. Program Objectives/Outcomes

King County is seeking to achieve the following outcomes with this grant program:

- a. Small businesses receive the support they need to overcome disruptions caused by COVID-19
- b. Small businesses receive the support they need to safely re-opening while adhering to local public health guidance and operating guidelines designed to protect employees and customers
- c. Support underserved and other priority small businesses that have not been able to access other resources*
- d. Help small businesses restart quickly, recover from the impacts of the pandemic, and contribute to the overall economic stability of the community (i.e., revenues and jobs)

While King County empowers the subrecipient to define 'small business', cities should prioritize grant funds to businesses that meet a reasonable standard of 'small' and have experienced acute business interruption or require immediate assistance to adapt their services to adhere to public health guidance and considerations.

** For the purposes of this grant program, King County considers historically underserved business owners to be those from Black, Native, people of color, immigrant, refugee, and LGBTQ communities.*

3. Eligible Expenditures

The grant funds must be used for cities' economic relief and development activities in response to COVID-19. The funds should only be used for costs that were not accounted for in the city's 2019 fiscal year budget and must comply with all federal requirements set for the Treasury's Coronavirus Relief Fund (detailed in Attachment A "Federal Terms"). Expenditures must be incurred in the period from March 1, 2020, through December 30, 2020, and must be recorded and documented using the generally accepted accounting principles and the provisions of Title 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

Expenditures may fall in any of the following broad categories:

- City internal operational expenditures
- City direct expenditures for small businesses
- Passthrough grants to small businesses to reimburse the costs of business interruption caused by required closures.

The following list provides some examples of eligible expenditures:

- Materials to give out to businesses to facilitate safe opening (e.g., PPE, sanitation supplies, plexiglass barriers, markers, signage)
- Rental of materials to increase the outdoor seating capacity for restaurant businesses
- Marketing materials for businesses
- Passthrough grants to businesses to reimburse business interruption costs not previously satisfied by any other funding source
- Technical assistance to businesses (consulting services)
- Temporary staff hired to engage with businesses
- Consulting Services (business surveys, training, city marketing materials, etc.)

4. Grant Documentation & Reporting

EXHIBIT #	Form/Report	Short Description	Interval
1	Pre-award: risk assessment questionnaire	Short survey to understand City's administrative capacity	With the intake form preceding agreement signing
2	Federal Funding Accountability and Transparency Act (FFATA) Data Collection Form	<ul style="list-style-type: none"> • Only for entities receiving grant funds in excess of \$25,000. • King County will use this information to report to www.FSRS.gov within 30 days of the award. • Template attached. 	With the signed agreement <i>(if the grant amount is in excess of \$25,000)</i>
3	Bi-monthly performance report	Summary expenditure report by eligible activity	Bi-monthly following agreement signing
4	An expenditure report detailing all expenditures up to the grant amount	A standard report generated from the city's official accounting system or sufficient documentation to demonstrate grant expenditures, payee, and date of transaction	Within 30 days of final payment utilizing grant funds
5	Direct Grant & Beneficiaries Report	A standard report that outlines all businesses who received a <i>direct</i> grant payment from the city, detailing business information and key demographic indicators	Within 30 days of final payment utilizing grant funds



INFORMATIONAL MEMORANDUM

TO: Planning & Economic Development Committee

FROM: Derek Speck, Economic Development Administrator

CC: Mayor Ekberg

DATE: July 27, 2020

SUBJECT: Economic Development Workplan for 2020: Update

ISSUE

Staff seeks the Committee's feedback on the City's economic development workplan for 2020 and prioritization.

BACKGROUND

The City's Economic Development Division of the Mayor's Office leads the City's business retention, attraction and marketing efforts, facilitates commercial real estate development, and serves as a general liaison to the business community. The Economic Development Division also manages the City's lodging tax program.

Staff provided a draft of the economic development division's workplan for 2020 to the Committee at its meeting on January 13, 2020. At that time, the Committee expressed a desire for the Economic Development Plan to be completed by summer 2020 and recognized that would require hiring a consultant. On 2/3/20 the Committee gave staff approval to issue an RFP to select a consultant and acknowledged the cost would be \$50,000 to \$70,000 and would require a budget amendment.

In early March 2020 the COVID-19 pandemic was becoming more obvious and on March 16, 2020 the Governor announced a statewide closure of all restaurants, bars, entertainment and recreational facilities, and a limit on large gatherings. During this time Economic development staff turned its focus to supporting the City's emergency operations unit and helping businesses mitigate, respond, and recover. Throughout the pandemic, staff has spent most of its time on business recovery work such as the following:

1. Provided information to businesses through the City's website and emails (approximately weekly) with information and resources.
2. Monitored the pandemic and its effect on the economy.
3. Created and implemented the Great Tukwila Carry-Out marketing campaign to support restaurants.
4. Provided recommendations on the State's Working Washington Small Business Emergency Grant Program.
5. Conducted weekly "windshield surveys" of Tukwila businesses closure compliance and business activity assessment.
6. Participated in the Southside Mitigation and Recovery Taskforce (SMART) which is lead by the Seattle Southside Chamber of Commerce.

7. Created and implemented www.SavingLocalKC.com with a marketing campaign to help local businesses make online and phone sales transactions.
8. Conducted a business survey (online and via telephone).
9. Explored collaborations with other regional partners for grants such as the opportunity from the US Economic Development Agency.

DISCUSSION

The City's current draft of the economic development division's workplan for 2020 is attached with changes from the January version shown in strikeout and underline. The main change is that, due to the pandemic, staff has been working on business recovery instead of the economic development plan.

Following are ongoing business recovery work items:

1. Following up with requests or specific needs indicated by some of the businesses through their survey responses or other contacts.
2. Providing information to businesses through the City's website and emails (approximately weekly) with information and resources.
3. Monitoring and researching to understand the economy's recovery and to find additional resources.
4. Expanding marketing for SavingLocalKC.com.
5. Expanding marketing and branding through ExperienceTukwila.
6. Continuing our work with the Lodging Tax Advisory Committee and exploring more ways to support business recovery such as a rebate program.
7. Supporting the Chamber of Commerce's Southside Promise program and using the Port of Seattle grant for additional business advisory assistance.
8. Exploring marketing and event partnerships with Westfield Southcenter and other businesses.
9. Coordinating Tukwila's use of the \$31,965 CARES Act grant from King County.
10. Monitoring for other grant opportunities.
11. Supporting City regulation revisions, if needed, to support business.

If the Committee and Council are interesting in making the economic development plan a top priority, some considerations are:

1. Authorizing funding
2. Outreach will need to be more online and through virtual meetings than in person. Some businesses may not be as available to participate as they focus on recovery.
3. The economy is in a drastic state of flux. We would need to make assumptions as to the timing of the recovery and what the economy will look like afterward. For example, a vaccine could significantly affect how businesses operate.
4. What other work should be a lower priority.

One option is to work on the economic development plan as time is available as a secondary priority but to elevate specific work items that are relatively easy to implement and move forward now. As an example, the City could create an inexpensive marketing campaign that focuses on attracting a particular business cluster such as those related to architecture and interior design

since we are so close to the Seattle Design Center. Staff welcomes feedback from the Committee on items that could fit into the workplan.

FINANCIAL IMPACT

This item has no financial or budget impact at this time.

RECOMMENDATION

Information and discussion only.

ATTACHMENTS

Current Economic Development Workplan for 2020



City of Tukwila

MAYORS OFFICE
ECONOMIC DEVELOPMENT DIVISION
2020 WORKPLAN - DRAFT 7-27-20

Project	Description
Tukwila Village	<ul style="list-style-type: none"> A Support Tukwila Village Community Development Associates (non-profit)* B Approve developer parking management plan* C Approve estoppel certificate of completion for Phase 2*
Land Sales	<ul style="list-style-type: none"> A Coordinate sale of city property to HealthPoint for health and wellness center* B Coordinate sale of Longacres parcel C Coordinate sale of Newporter parcel D <u>Coordinate sale of former fire station 53 parcel</u> E <u>Coordinate sale of Minkler parcel</u> F <u>Coordinate sale of George Long shops parcel</u>
Public Safety Plan	<ul style="list-style-type: none"> A Coordinate sale of Traveler's Choice property to affected businesses* B Support project management team with design and permit review*
Economic Development Plan	<ul style="list-style-type: none"> A Create an economic development plan for Tukwila B <u>Increase understanding and inclusion of equity and social justice*</u>
Business Recovery	<ul style="list-style-type: none"> A <u>Monitor the pandemic, economy and resources. Inform businesses*</u> B <u>Coordinate use of \$31,965 business support grant from King County*</u> C <u>Develop and implement SavingLocalKC.com*</u> D <u>Conduct business survey* - Done</u> E <u>Provide recommendations for Working Washington Grants* - Done</u> F <u>Conduct windshield surveys for business compliance and activity* - Done</u> G <u>Develop and implement the Great Tukwila Carry-out* - Done</u>
Lodging Tax Advisory Committee	<ul style="list-style-type: none"> A Coordinate committee including applications, contracts, and reporting* B Monitor legislative issues C Build upon business relationships*
Branding and Tourism Marketing	<ul style="list-style-type: none"> A Lead development of branding and wayfinding plan* B Build partnerships with strategic organizations (e.g. Sounders and Seawolves) C Facilitate and sponsor special events such as Rave Green Run, etc. D Facilitate art in Southcenter District* E Facilitate Baker Boulevard for festivals and events F Facilitate improvement of Tukwila Pond Park* G Develop strategy to grow entertainment attractions H Develop and implement digital media strategy for ExperienceTukwila* I <u>Develop digital media strategy for visiting and living in the Southcenter District*</u>
Policy	<ul style="list-style-type: none"> A Manage City's regional transportation policy and advocacy* B Participate in zoning and on street parking policy for Tukwila Int'l Boulevard*



City of Tukwila

MAYORS OFFICE
ECONOMIC DEVELOPMENT DIVISION
2020 WORKPLAN - DRAFT 7-27-20

Project	Description
Business Retention, Expansion, and Attraction	A Marketing to attract business and development
	B Networking to attract business and development
	C Respond to business inquiries*
	D Support development of TIB with branding, business development, etc.
	E Support maintenance of KentValleyWA.com and SoundsideAlliance.com*
	F Provide permitting assistance for priority projects*
Regional ED Organizations	A Participate in Greater Seattle Partners, Chambers of Commerce, Seattle Sports Commission, Int'l Council of Shopping Centers, etc.
Other	A Coordinate development agreements (when ED is the lead)
	B Manage multi-family property tax exemption program (approved projects)
	C Coordinate Port of Seattle economic development grant*
Administrative	A Participate on Administrative Team*
	B Staff Highline Forum
	C Staff Soundside Alliance for Economic Development*
	D Staff Port of Seattle Roundtable (START)*
	E Staff Airport Budget Proviso Working Group*
Small Projects	A Business outreach for plastic bag policy
	B BNSF study
	C Crosswalk art - Done
	D 4Culture grant for Old City Hall preservation plan
	E <u>Bank De-Risking - Done</u>
Potential Projects	A Adapt to economic development plan
	B Coordinate way to leverage business community relationships
	C Evaluate ZIP code effect on city tax revenue and image
	D Support analysis of sales tax
	E Participate in Green and Duwamish River related policies (e.g. levee)
	F Support analysis of affordable housing economics and policy
	G Expand branding related to business retention, expansion, and attraction
	H Support special event permit process to attract strategic festivals and events
	I Participate in regional economic development policy such as PSRC
	J <u>Coordinate policy review for expansion of multi-family tax exemption program</u>

Notes:

Top priority items for 2020 are indicated by an asterisk *

Items that have been removed from the original workplan are shown in strike through.

Items that are underlined have been added since January.



INFORMATIONAL MEMORANDUM

TO: Planning and Economic Development
FROM: Brandon Miles, Business Relations Manager
CC: Mayor Ekberg
DATE: July 27, 2020
SUBJECT: Tourism Funding: Work Plan

ISSUE

Schedule for briefing Planning and Economic Development (PED) are issues related to tourism funding as part of 2021/2022 budget update process.

BACKGROUND

At the July 20 PED meeting staff provided an overview of the status of the lodging tax fund and requesting input on items to be reviewed as part of the lodging tax budget update. The lodging tax budget is scheduled to be completed in October to be included in the City’s overall budget.

DISCUSSION

Based upon last meeting’s discussion, as well as previous discussions with PED, staff has prepared the following draft schedule, including the dates for briefings to PED on specific topics. Staff would like feedback (removing or adding items) on the topics as well as which items should go to the full City Council for briefing. Staff will prepare a final document to transmit to the full council with the final budget.

Committee Name	Topic	Meeting Date	Outcomes/Goals	Notes
PED	Tourism Funding: Tourism Promotion and Lodging Tax Briefing	August 3, 2020	PED gains an understanding of the different tourism funds being used to promote the City.	This initial discussion started on June 1. This will be a continued discussion with PED.
LTAC	Briefing to LTAC	August 14, 2020	Begin to get input from LTAC members about funding priorities.	
PED	Lodging Tax Revenue and Ending Fund Balance Forecasts	August 17, 2020	Review revenue forecasts for 2021 and 2022.	
PED	Lodging Tax Allowable Uses and Process for using funds	August 17, 2020	Understand what is eligible and what is not eligible for use of	

			lodging tax funds.	
PED	Historical Uses of Lodging Tax Funds	August 17, 2020	Understand how the City has historically used lodging tax funds, including background on groups that have received funds in the past.	
LTAC	Continued Discussion with LTAC.	September 11, 2020	Discussion on LTAC priorities for 2021 and 2022.	
PED	Tourism Promotion Area (TPA) and Seattle Southside Regional Tourism Authority (SSRTA)	September 21, 2020.	Background on TPA, TPA Interlocal Agreement, and the City's agreements with SSRTA. Discuss any possible updates to the TPA ILA.	Note, due the Labor Day Holiday there is no meeting on September 7.
PED	SSRTA Return on Investment (ROI)	September 21, 2020	Understand how SSRTA calculates its ROI.	
PED	Measurement of Success for Tourism Promotion Activities.	September 21, 2020	Discuss how the City wants to measure success of both lodging tax and TPA funds.	
PED	Other? What else could we be doing and what other opportunities are out there.	October 5, 2020.	Discuss new activities, specifically possible new festivals and also discuss partnerships with Visit Seattle and Kent Valley Wa cities.	
PED	Creation of Tourism Funding Allocation	October 5, 2020	Discuss allocation of funds based on	

	Buckets.		the City's overall goals.	
PED	Draft 2021/2022 Lodging Tax Budget	October 5, 2020	Draft budget for PED consideration.	
LTAC	Funding requests for 2021 and 2022.	October 9, 2020	Forward funding requests to City Council for review.	
PED	Lodging Tax Funding Requests	October 19, 2020	Review of funding requests forwarded by the LTAC to the City Council.	
PED	Final Budget for Committee consideration	October 19, 2020	Review budget and forward to the full City Council.	

FINANCIAL IMPACT

None.

RECOMMENDATION

Discussion only.

ATTACHMENTS

None.



INFORMATIONAL MEMORANDUM

TO: **Planning and Economic Development**

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

CC: **Mayor Ekberg**

DATE: **May 20, 2020, Updated July 27, 2020**

SUBJECT: **Tourism Funding Discussion**

ISSUE

In light of the COVID-19 pandemic's impact on the economy and role of tourism in business recovery, staff would like to provide an overview and background on how the City's uses the lodging tax and TPA funds.

[This item was originally discussed at the June 1, 2020 PED meeting. Staff would like to continue the discussion and has included a new attachment.](#)

BACKGROUND

Over the last 20 years the City Council has authorized the collection of two separate revenue sources for tourism funding. These revenue sources include the City's lodging tax and Tourism Promotion Area (TPA) fee. In 2019, in total just over \$1.5 million of combined funds were collected through the lodging tax and TPA fee. In light of COVID-19 pandemic's impact on the overall economy and role of tourism in business recovery, staff would like to provide an overview and background on how the City's uses the lodging tax and TPA funds. Each of the two revenue sources is authorized under a separate RCW and each have specific limitations on how the funds can be used.

Lodging Tax

Statutory Authority

Lodging tax (City's 101 Fund) is collected pursuant to RCW 67.28 and TMC 3.40. State law allows the City to collect 1% on eligible stays in lodging businesses (hotels, extended stays, motels, bread and breakfasts, and Airbnbs). Certain stays for emergency housing and for any stay in a lodging business that exceeds 30-days are exempt from the tax. Like retail sales tax, the lodging tax is remitted by the lodging businesses to the Department of Revenue and the remitted back to the city two months after collection.

Allowable Uses

RCW 67.28.1818 limits the use of lodging tax funds as follows:

"All revenue from taxes imposed under this chapter shall be credited to a special fund in the treasury of the municipality imposing such tax and used solely for the purpose of paying all or any part of the cost of tourism¹ promotion², acquisition³ of tourism relations facilities, or operation of tourism related-facilities."

¹ RCW 67.28.080 defines 'Tourism' as "economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs."

² RCW 67.28.080 (6) defines 'Tourism Promotion' as "...activities, operations, and expenditures designed to increase tourism, including but not limited to advertisements, publicizing, or otherwise distributing information for the

RCW 67.28.1816 goes into further detail about permitted expenditures of lodging tax funds, specifying:

“Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitors bureau or destination marketing organization for:

- (a) Tourism marketing;*
- (b) The marketing and operations of special events and festivals designed to attract tourists;*
- (c) Supporting the operations and capital expenditures of tourism related facilities owned or operated by a municipality or public facilities district created under chapters 35.57 and 36.100 RCW; or*
- (d) Supporting the operations of tourism related facilities owned or operated by nonprofit organizations described under 26 U.S.C Sec. 501(c)(3) and 26 U.S.C Sec. 501 (c)(6) of the internal revenue code of 1986, as amended.*

It is important to point out that RCW 67.28 provides no definition of “tourist.” Historically, the City of Tukwila has defined as a “tourist” as someone who lives outside of Tukwila and visits the City, either for a day or to spend the night. Additionally, there is a common misconception that lodging tax funds can only be used to support activities that create “heads in beds” or travel more than 50 miles. Again, this is not a requirement of State law. While the City must report metrics, such as hotel stays and visitors, when using lodging tax funds. The funds do not have to be awarded to activities that solely generate hotel room nights.

Under current state law, lodging tax funds cannot be used to support general city operations or activities. Attached is a memo presented to the City Council in 2016, which provides more details on allowable uses of lodging tax funds.

Status of Fund

As of May 7, 2020, there was \$1.985 million in the City’s lodging tax fund. In 2019, annual revenues for lodging tax collection was just over \$800,000. With the sharp drop off in travel, the City is forecasting a significant drop off in lodging tax collection for 2020 and possibly for 2021. The City is contractually obligated through 2020 to provide Seattle Southside Regional Tourism Authority (SSRTA) \$202,500 in lodging tax funds. Additionally, the City has two approved applications to the City’s Parks and Recreation Department of \$40,000 for art along Baker Blvd and \$125,000 to help fund a master plan for Tukwila Pond⁴.

There is no requirement that the lodging tax fund be spent down annually. Unspent funds will remain in the 101 fund and can be used in future years, subject to the use limitations outlined above.

Historical Use of Funds

The largest single recipient of lodging tax funds from the City over the last 18 years has been SSRTA. Until 2015, SSRTA was operated as Seattle Southside Visitor Service (SSVS) by the

purpose of attracting and welcoming tourists; developing strategies to expand tourism; operation tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourist.”

³ RCW 67.28.080 (1) provides the following definition of ‘Acquisition’ “...siting, acquisition, design, construction, refurbishing, expansion, repair, and improvement, including paying or securing the payment of all or any portion of general obligation bonds, leases, revenue bonds, or other obligations issued or incurred for such purposes...”

⁴ The City also had an approved application and contract with the Seattle Seawolves, but this contract was canceled due to the COVID-19 pandemic. Virtual Sports also had an approved application and staff has not yet entered into a contract due to the scope of work being impacted by Stay Home, Stay Healthy Order.

[https://tukwilawa.sharepoint.com/sites/mayoroffice/cc/Council Agenda Items/Mayor’s Office/PED, August 3/Tourism Funding, Tourism Promotion and Lodging Tax/MEMO, Lodging Tax Policy, PED, 2020.06.01, Updated July 27.doc](https://tukwilawa.sharepoint.com/sites/mayoroffice/cc/Council%20Agenda%20Items/Mayor's%20Office/PED_August%203/Tourism%20Funding_Tourism%20Promotion%20and%20Lodging%20Tax/MEMO_Lodging%20Tax%20Policy_PED_2020.06.01_Updated%20July%2027.doc) \Tukdata2k12\City-Common\Communications\InfoMemoRev2016.doc

City of Tukwila, The Museum of Flight, City of Tukwila, Starfire Sports, Renton Chamber of Commerce, and Seattle Southside Chamber of Commerce, and others have also received funding in the past. Any entity, including for-profit organizations, is eligible to receive lodging tax funds, provided it is engaged in activities eligible to be funded with lodging tax funds.

State Law requires that any proposed use of lodging tax funds be review by a Lodging Tax Advisory Committee (LTAC). The City's LTAC comprises four lodging businesses; four entities eligible to receive lodging tax funds; and one City elected official, who serves as the Chair of LTAC. LTAC makes a recommendation to the City Council on whether an application should receive funding. The City Council has final authority in approving a request for lodging tax funds; however, the City Council cannot override a "no" from LTAC. The City Council can choose not to fund an entity that LTAC recommend be provided funding. The City Council can also change the amount of the funding, provided it provides the LTAC 30-days' notice of its intent to modify the amount.

TPA Fee

Statutory Authority

Tourism Promotion Areas (TPA) are authorized under RCW 35.101. There is no corresponding City TMC for TPAs. Outside King County individual cities, towns, and counties can form their own TPAs. For most municipalities in King County, a TPA must include at least two municipalities (this requirement does not apply to the City of Federal Way).

In 2014 the Cities of Tukwila, Des Moines, and SeaTac executed an interlocal agreement ("TPA ILA") to form a TPA to cover the combined boundaries of the three cities. Through the TPA ILA the cities agreed that the City of SeaTac would serve as the legislative authority for the combined city area. The City of SeaTac is responsible for overseeing the TPA on behalf of the three cities. Any city can terminate its relationship under the TPA ILA Agreement by providing one-year notice to the other city partners.

In 2014, after receiving a petition from hoteliers, the City of SeaTac formally adopted a resolution setting out a TPA fee in the three-city area. The total fee was \$2 per night per eligible hotel stay in a hotel or motel with at least 90 rooms⁵. The \$2 rate was the maximum permitted under the current State law. State law was recently amended to allow the rate to go up to \$5 per night, provided 60% of the businesses that would pay the increase petition for the increase and it is approved by the legislative authority.

Allowable Uses⁶

RCW 35.101.130 states that the Legislative Authority, "...shall have sole discretion as to how the revenue derived from this charge is to be used to promote tourism promotion that increases the number of tourists to the area."

'Tourism Promotion' is defined as, "...activities and expenditures designed to increase tourism and convention businesses, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting tourists, and operating tourism designation marketing organizations."

⁵ The TPA fee is a flat fee, while the lodging tax is a percentage. This allows the TPA to collect higher revenue than the lodging tax when rates are low. For example, a room at a hotel going for \$100 a night would only provide \$1 in lodging tax funds, while the TPA gets the full \$2.

⁶ RCW 35.101 was amended by the last legislative session. These changes go into effect on July 1, 2020. Staff is discussing the RCW as it will be amended in July.

[https://tukwilawa.sharepoint.com/sites/mayoroffice/cc/Council Agenda Items/Mayor's Office/PED, August 3/Tourism Funding, Tourism Promotion and Lodging Tax/MEMO, Lodging Tax Policy, PED, 2020.06.01, Updated July 27.doc](https://tukwilawa.sharepoint.com/sites/mayoroffice/cc/Council%20Agenda%20Items/Mayor's%20Office/PED,%20August%203/Tourism%20Funding,%20Tourism%20Promotion%20and%20Lodging%20Tax/MEMO,%20Lodging%20Tax%20Policy,%20PED,%202020.06.01,%20Updated%20July%2027.doc) \\Tukdata2k12\City-Common\Communications\Info\MemoRev2016.doc

Unlike the lodging tax RCW, the TPA RCW provides a definition of tourist⁷.

A ‘tourist’ means a person who travels for business or pleasure on a trip:

- (a) Away from the person’s place of residence or business and stays overnight in paid accommodations;*
- (b) To a place at least fifty miles away one way by driving distance from the person’s place of residence or business for the day or stays overnight. However, island communities without land access are exempt from the mileage requirement under this subsection (5)(b); or*
- (c) To another country or state outside of the person’s place of residence or business.*

Status of Funds

Following provisions in the Interlocal Agreement, all TPA funds remitted for the TPA go directly to SSRTA. In 2019, SSRTA received \$3.96 million in TPA funds. Assuming that the TPA funds are generated proportional to the number of hotel rooms in each of the three TPA cities, Tukwila’s portion of the TPA funds generated for SSRTA was just over \$1.13 million, or 29%.

In early 2020, SSRTA budgeted ending 2019 (unaudited) with an ending fund balance of \$4.45 million. This includes both TPA funds it received, lodging tax funds received from the three cities, and misc. revenue.

Historical Use of Funds

As outlined above, 100% of the funds remitted for the TPA go directly to SSRTA. The City of Tukwila does not receive the funds. SSRTA uses these funds for tourism promotion activities and administration costs.

Seattle Southside Regional Tourism Authority

SSRTA is the City’s primary destination marketing organization⁸. SSRTA mission is to help promote the Seattle Southside region (cities of Des Moines, Tukwila, and SeaTac) for tourism. In 2019, SSRTA had total operating expenditures of \$4.297 million (See below).

SSRTA is the successor to Seattle Southside Visitor Service (SSVS), which until 2015 was run as a division of Tukwila’s Economic Development Office. The Cities of Des Moines and SeaTac were serviced by SSVS via interlocal agreements with the City of Tukwila. At one time the City of Kent was also served by SSVS but left in 2014.

In 2012 the Cities of Tukwila, SeaTac, and Des Moines began to have conversations about forming a TPA, with the goal of providing additional funds for tourism promotion activities. These conversations were the result of requests by area hoteliers for the cities to consider creating a TPA. As discussed above, the cities entered an interlocal agreement in 2014 for the creation of a TPA. A TPA fee began to officially be collected in the spring of 2015.

Through the TPA ILA, the cities of Tukwila, SeaTac, and Des Moines also provided a recommended amount of lodging tax funds each city would provide to SSRTA annually. The lodging tax contribution is a “recommended amount” and no City is contractually obligated to

⁷ This definition goes into effect on July 1, 2020.

provide the amount listed in the TPA ILA. The table below shows the suggested lodging tax contributions to SSRTA from the three TPA cities.

Year	SeaTac ⁹	Tukwila	Des Moines ¹⁰
2014	\$835,000	\$712,000	100% of lodging tax funds.
2015	\$460,000	\$405,000	
2016	\$383,333	\$337,500	
2017	\$306,666	\$270,000	
2018 and beyond	\$230,000	\$202,500	

The TPA creation provided addition funds available for tourism promotion activities in the Seattle Southside region. The table below shows the total expenditures for SSVS and SSRTA since 2010. In 2016 the total expenditures for tourism promotion by SSRTA increased over 180% from the prior year.

Year	Total Expenditures (SSVS and SSRTA)	% Change in SSVS and SSRTA Expenditures from previous year.	Total Lodging Revenue in the Cities of Des Moines, Tukwila, and SeaTac.	% Change in lodging revenue from previous year.
2010	\$1,321,879	N/A	\$190,337,838	N/A
2011	\$1,525,988	15.44%	\$201,068,568	5.64%
2012	\$1,470,058	(3.67%)	\$217,520,038	8.18%
2013	\$1,428,043	(2.86%)	\$230,190,887	5.83%
2014	\$1,462,123	2.39%	\$259,819,652	12.87%
2015 ¹¹	\$1,504,207	2.88%	\$292,605,392	12.62%
2016	\$4,248,883	182.47%	\$302,062,920	3.23%
2017	\$4,533,770	6.70%	\$318,864,960	5.56%
2018	\$4,634,628	2.22%	\$330,574,999	3.67%
2019	\$4,297,657	(7.27%)	Data not yet available.	N/A

In March, SSRTA began projecting a significant revenue reduction of TPA fees because of the COVID-19 pandemic (see below).

⁹ The City of SeaTac has chosen to provide more funds to SSRTA than what was outlined in the TPA ILA.

¹⁰ The City of Des Moines no longer provides 100% of its lodging tax funds collected to SSRTA.

¹¹ SSRTA did not take over the functions of SSVS until the end January 1, 2016. The expenditures provided for 2015 are Tukwila’s expenditures for SSVS.

[https://tukwilawa.sharepoint.com/sites/mayoroffice/cc/Council Agenda Items/Mayor’s Office/PED, August 3/Tourism Funding, Tourism Promotion and Lodging Tax/MEMO, Lodging Tax Policy, PED, 2020.06.01, Updated July 27.doc](https://tukwilawa.sharepoint.com/sites/mayoroffice/cc/Council%20Agenda%20Items/Mayor's%20Office/PED,%20August%203/Tourism%20Funding,%20Tourism%20Promotion%20and%20Lodging%20Tax/MEMO,%20Lodging%20Tax%20Policy,%20PED,%202020.06.01,%20Updated%20July%2027.doc) \Tukdata\2k12\City Common\Communications\InfoMemoRev2016.doc

Seattle Southside Regional Tourism Authority (RTA) Financial Pro Forma
2020 - 2022

	2019 Approved Budget	2019 Year-end Actuals (Unaudited)	2020 Approved Budget	2020 Projection	2021 Projection	2022 Projection
Revenues						
1 TPA Special Assessments	\$ 3,674,825	\$ 3,963,260	\$ 3,900,000	\$ 1,252,474	\$ 3,170,608	\$ 3,368,771
2 LTC-Tukwila	202,500	202,500	202,500	202,500	202,500	202,500
3 LTC-SeaTac	830,000	830,000	830,000	830,000	830,000	830,000
4 LTC-Des Moines	111,000	52,497	55,500	15,000	10,000	25,000
5 Interest Revenue	48,500	71,829	65,000	22,500	6,000	7,500
6 Misc Other Revenue	2,500	10,422	2,500	5,500	5,500	5,500
7 Advertising	75,000	40,480	50,000	7,500	7,500	7,500
Total Revenues	\$ 4,944,325	\$ 5,170,989	\$ 5,105,500	\$ 2,335,474	\$ 4,232,108	\$ 4,446,771
Expenditures						
8 Salaries & Benefits	\$ 1,622,209	\$ 1,451,758	\$ 1,630,500	\$ 1,459,652	\$ 1,465,000	\$ 1,567,550
9 Supplies	31,000	14,197	15,000	10,000	13,500	14,000
10 Small Equipment	20,000	5,755	20,000	11,000	7,000	7,000
11 Professional Services/Ads/Promotions	2,200,000	2,013,177	2,323,000	2,098,250	2,100,000	2,200,000
12 Communications/Postage	81,000	36,088	41,000	30,000	33,000	36,000
13 Travel	115,000	47,357	80,000	13,000	47,500	60,000
14 Operating Leases	120,000	87,512	120,000	110,636	119,000	120,000
15 Insurance	12,000	10,611	12,000	11,000	12,000	13,000
16 Maintenance	6,000	3,654	6,000	3,800	3,900	4,000
17 Miscellaneous/Printing	861,000	589,609	751,000	530,000	600,000	675,000
18 Capital-Digital Images	39,000	11,000	39,000	11,000	15,000	20,000
Total Operating Expenditures	5,107,209	4,270,718	5,037,500	4,288,338	4,415,900	4,716,550
19 Capital Outlay	100,000	26,938	68,000	20,000	25,000	23,000
Total Expenditures and Capital Outlay	5,207,209	4,297,657	5,105,500	4,308,338	4,440,900	4,739,550
20 Excess of Revenues over (under) expenditures	(262,884)	873,333	-	(1,972,864)	(208,792)	(292,779)
Beginning Fund Balance	\$ 2,153,571	\$ 3,582,569	\$ 3,942,503	\$ 4,455,902	\$ 2,483,037	\$ 2,274,246
Ending Fund Balance	\$ 1,890,687	\$ 4,455,902	\$ 3,942,503	\$ 2,483,037	\$ 2,274,246	\$ 1,981,467
Contingency Reserve (2 months)	\$ 868,042	\$ 716,419	\$ 839,751	\$ 714,866	\$ 736,131	\$ 786,249
Economic Downturn/Recession Reserve (11% of SA)	\$ 404,231	\$ 435,959	\$ 429,000	\$ 137,772	\$ 348,767	\$ 370,565
Capital Asset Replacement Reserve	\$ 110,000	\$ 110,076	\$ 183,465	\$ 183,465	\$ 183,465	\$ 183,465
Unassigned Balance	\$ 508,414	\$ 3,193,448	\$ 2,490,286	\$ 1,446,934	\$ 1,005,883	\$ 641,188

DISCUSSION

Staff would like to start having discussions with the City Council and the hospitality community regarding some policy issues with tourism funding for the City of Tukwila. Staff has identified several issues, which are discussed below. Staff envisions that additional issues/questions could come as we move through this process. The goal is to get direction from the City Council on 2020 expenditure plans and the development of the 2021/2022 City budget.

1. Need for Strategic Focus for Lodging Tax and TPA Funds.

In 2019, the City started to prepare a Six Year Financial Model for lodging tax (See Attached). While non-binding, the Financial Model is the City's first effort to strategically examine how lodging tax could be used to advance overall strategic initiatives. Given the changes due to the COVID-19 pandemic, staff seeks Council's direction on whether any of the potential projects in the Financial Model are no longer of interest or if other projects should be added.

2. Lack of Marketing Efforts for Tukwila in the Greater Seattle Area.

In 2017, the City of Tukwila engaged Bill Baker, a renowned destination brand consultant to guide the City in the development of a City brand¹². Mr. Baker's work also included a significant discussion and survey on how people view the City within the Seattle region. This work included telephone surveys, online surveys, and focus groups. There was considerable discussion on the name the City should use to market itself. Name suggestions included, Southcenter, Tukwila, and Seattle Southside. Through Mr. Baker's work the City determined that the "Tukwila" name had strong brand identification within the Seattle area. Mr. Baker's work completed work including the development of a brand strategy, brand blueprint, and brand style guide. The City Council formally adopted Mr. Baker's brand recommendations in 2018.

Since 2018 staff has been working on efforts to market Tukwila within the Greater Seattle area, generally within 50 miles of the City. These efforts have primarily included sponsoring events, such as the Rave Green Run and Food Truck Rodeo at Westfield Southcenter. As part of the COVID-19 response, the City quickly launched social media channels to help promote businesses open and to help highlight resources available to businesses.

The City should consider other opportunities to promote itself, specifically the City should consider the development of a website focused on visitors and business attraction; limited ad buys; and ongoing public relations outreach.

3. Tourism Promotion versus Destination Development

Historically the City has provided lodging tax funds for initiatives and activities that are focused more on tourism promotion and have not provided lodging tax funds for destination development. Examples of tourism promotion activities include funding for marketing and sales. Destination development includes capital projects and developing/sponsoring festivals and events to be held in the City. In 2019, the City began to take steps to begin to develop the destination by awarding funds complete a master plan for Tukwila Pond and to install art along Baker Blvd. Other possible examples of destination development including the creation of a Riverwalk along the Green River and installation of wayfinding signage. The City also launched the Tukwila International Food Truck Rally last year in partnership with Westfield Southcenter.

Given the differences between the allowable uses between lodging tax funds and TPA funds, the City may want to consider creating distinction between how the funds can be used with regards to tourism promotion and destination development. Tourism promotional activities, such as what SSRTA is providing, generally are for tourism promotion and marketing activities. Given that well over \$3.5 million of funds are being provided for tourism promotion to SSRTA via the TPA funds, the City should consider how lodging tax funds can be used for destination development. As a reminder, lodging tax funds can be used for capital projects and the City can also bond against the future lodging tax funds.

¹² This "brand" is for tourism and economic development use only and is not a City brand.

[https://tukwilawa.sharepoint.com/sites/mayoroffice/cc/Council Agenda Items/Mayor's Office/PED, August 3/Tourism Funding, Tourism Promotion and Lodging Tax/MEMO, Lodging Tax Policy, PED, 2020.06.01, Updated July 27.doc](https://tukwilawa.sharepoint.com/sites/mayoroffice/cc/Council%20Agenda%20Items/Mayor's%20Office/PED,%20August%203/Tourism%20Funding,%20Tourism%20Promotion%20and%20Lodging%20Tax/MEMO,%20Lodging%20Tax%20Policy,%20PED,%202020.06.01,%20Updated%20July%2027.doc) \\Tukdata2k12\City-Common\Communications\InfoMemoRev2016.doc

4. Lack of other organizations doing tourism promotion and tourism development activities, such as downtown associations and neighborhood groups.

One of the biggest tourism limitations in the City of Tukwila is the lack of our organizations that are directly or indirectly involved in tourism promotion and destination development in the region. Take for example Pioneer Square, which has Visit Seattle, the Downtown Association, Seattle Chamber, and the Pioneer Square Association all engaged in some tourists related activities. Having a variety of organizations working on tourism development issues would strengthen the City's overall tourism appeal. For example, the Pioneer Square Association works on developing art in the Pioneer Square District (destination development), which Visit Seattle uses as content for its tourism promotion activities.

When other organizations do destination development and tourism promotion they directly and indirectly market the City. For example, Destination Des Moines promotes Des Moines via videos and events as does Discover Burien. The City of Tukwila lacks these types of organizations; thus the City has tried to fill the void.

5. Leveraging Lodging Tax Funds to Obtain Grants.

Another option the City should consider is using lodging tax funds as match to obtain federal and state grants for infrastructure projects that support tourism.

6. The Need for More Varied Use of Lodging Tax Funds.

Many cities award a large number of smaller lodging tax grant applications for activities occurring in their cities. For example, the City of Renton, which historically collects less lodging tax funds than Tukwila, regularly has upwards of 20 applications per year for lodging tax funds. These applications are often for small amounts to support small events, festivals, and activities. Smaller activities help to develop a destination and help to create a distinct and unique visitor experience. Economic Development staff has been working to attract other groups to the City and to help existing groups explore securing lodging tax funds for eligible activities.

7. Using Lodging Tax Funds for Business Attraction

The City's Economic Division is funded primarily from the City's general funds. Starting in 2019, some labor costs in Economic Development were funded by lodging tax funds. Some cities use lodging tax funds to help marketing the City for business attraction. Given that many guests in Tukwila hotels are business travelers there is a strong argument that increased economic activity from business attraction would bring more overnight guests (business travelers) to the City. *Note, staff has not engaged legal on the question of whether lodging tax funds could be used for business attraction.*

Additionally, the City could also provide funds to the Chamber of Commerce in order to help it with its mission of supporting area businesses and attracting businesses to the City.

8. Lack of Metrics to Track Success

The City lacks metrics to follow to track success of the lodging tax program and TPA.

FINANCIAL IMPACT

None.

RECOMMENDATION

This is for discussion only. Staff would like to have ongoing discussions with the Committee and create recommendations to take the full Council for policies on the use of lodging tax and TPA funds.

ATTACHMENTS

- Memo dated September 23, 2016, "Permitted Uses of Lodging Tax Funds."
- [Lodging Tax Six Year Financial Model, updated July 14, 2020.](#)
- [Tourism Funding at a Glance-](#)



INFORMATIONAL MEMORANDUM

TO: **Finance and Safety Committee**

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

CC: **Mayor Ekberg**

DATE: **September 23, 2016**

SUBJECT: **Permitted Uses of Lodging Tax Funds.**

ISSUE

The City charges a 1% special excise tax on the sale of or charge made for overnight lodging stays. State law limits how these funds can be used. This memo outlines the limits on the use of lodging tax and discusses permitted and prohibited use of the funds¹.

BACKGROUND

Revised Code of Washington (RCW) 67.28.1815 limits the use of lodging tax funds as follows:

[A]ll revenue from taxes imposed under this chapter shall be credited to a special fund in the treasury of the municipality imposing such tax and used solely for the purpose of paying all or any part of the cost of tourism² promotion³, acquisition⁴ of tourism-related facilities, or operation of tourism-related facilities.

RCW 67.28.1816 goes into further detail about permitted expenditures of lodging tax funds, specifying:

Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitors bureau or destination marketing organization for:

(a) Tourism marketing;

¹ RCW 67.28 places strict limits on the type of entities eligible to receive lodging tax funds. Additionally, approving expenditures of lodging tax funds is a two-step process, requiring review by the City's Lodging Tax Advisory Committee and City Council. State Law gives considerable authority to the City's Lodging Tax Advisory Committee in reviewing and approving funding requests. For more information on entities eligible to receive funding and the process for awarding funds, see the memo dated September 22, 2016, entitled, "Lodging Tax Approval Process."

² RCW 67.28.080 defines "Tourism" as "economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs."

³ 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."

⁴ RCW 67.28.080 (1) provides the following definition of "Acquisition" "...includes, but is not limited to, siting, acquisition, design, construction, refurbishing, expansion, repair, and improvement, including paying or securing the payment of all or any portion of general obligation bonds, leases, revenue bonds, or other obligations issued or incurred for such purpose or purposes under this chapter."

- (b) *The marketing and operations of special events and festivals designed to attract tourists;*
- (c) *Supporting the operations and capital expenditures of tourism-related facilities⁵ owned or operated by a municipality or a public facilities district created under chapters [35.57](#) and [36.100](#) RCW; or*
- (d) *Supporting the operations of tourism-related facilities owned or operated by nonprofit organizations described under 26 U.S.C. Sec. 501(c)(3) and 26 U.S.C. Sec. 501(c)(6) of the internal revenue code of 1986, as amended.*

DISCUSSION

Several Councilmembers have inquired about permissible uses of lodging tax funds. Based upon the limitations outlined above, staff would like to provide some guidance on the future use of lodging tax funds.

A simple question that can be asked to help determine if lodging tax funds can be used is:

“Is the activity, operation or expenditure designed to increase tourism or welcome tourists to the City?”

If the answer is yes, then lodging tax might be able to be used after further analysis of the specific funding request.

Tourism could include people who travel and stay overnight in the City (overnight visitors) or those who travel to the Tukwila for the day (day visitors). Economic activity from Tukwila residents would not be considered tourism.

The following lists examples of activities, operations and expenditures that would likely be eligible for lodging tax funding. This is not intended to be an exhaustive list.

- Marketing and advertising intended to bring overnight visitors to the City.
- Marketing and advertising intended to bring day visitors to the City.
- Installation of new “way finding” signs for tourists and installation of City identification signs.
- Sponsoring, operating, and marketing of special events or festivals, either by the City or third parties, if designed to bring tourists to the City.
- Installation of banners on street poles or across city streets if either welcoming tourists to the City or promoting upcoming events.
- Capital improvements, such as park improvements or trail improvements, designed to be used primarily by tourists.
- Maintenance of parks primarily used by tourists, such as Fort Dent Park or the Green River trail.

⁵ RCW 67.28.080 (7) defines "Tourism-related facility" as, "...real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities."

- Supporting marketing and operations of government entities (City of Tukwila and SSRTA) or nonprofit organizations, when activities performed are designed to attract tourists to the City or welcome tourists to the City.

The following lists examples of activities, operations and expenditures that would likely ***NOT*** be eligible for lodging tax funding. This list is not intended to be exhaustive.

- Funding basic general governmental operations of the City⁶
- Marketing and advertising directed at residents.
- Way finding signs in residential areas intended for residents.
- Sponsoring of special events or festivals intended for residents.
- Capital improvements, such as park improvements, intended for residents (such as at parks used primarily by residents).
- Maintenance of parks primarily used by residents, such as Hazelnut Park.
- Capital expenditures for tourism related facilities owned or operated by a non-profit.

Reporting Requirements

RCW 67.28.1816 requires that entities receiving lodging tax fund report metrics back to the municipality. Per State Law, the following is required to be submitted to the City in the project close out for a specific funding request:

1. Actual number of people traveling for business or pleasure on a trip.
2. Number of people traveling for business and pleasure and staying in paid accommodations in the City.
3. Visitors who traveled more than 50 miles or more from their place of residence of businesses for the day or staying overnight.
4. Visitors who traveled from another county or state.

It is important to note that the City's Lodging Tax Advisory Committee is granted significant authority by RCW 67.28.1816 when reviewing lodging tax requests. The City Council cannot reverse a decision of the Committee if the Committee chooses not to approve a specific funding application. Traditionally, the Committee has considered the metrics outlined above very strongly when considering funding requests.

RECOMMENDATION

Information and discussion only. Forward to the October 10, 2016 Committee of the Whole meeting for discussion by the full Council.

ATTACHMENTS

- None.

⁶ The City is permitted to charge special funds, like the lodging fund, for costs incurred by the general fund to support the special funds.

Lodging Tax Six Year Financial Plan

	Year	Actuals				Forecasted						Totals	
		2019	2020 Budget	2020, Updated	2021	2022	2023	2024	2025	2026			
Revenue													
Original Estimated Amount			\$ 800,000	\$ 800,000	\$ 840,000	\$ 882,000	\$ 926,100	\$ 972,405					
Lodging Tax Collection (Revised, 5/7/20)		\$ 819,095	\$ 800,000	\$ 400,000	\$ 450,000	\$ 600,000	\$ 700,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 4,569,095
Expenses													
Marketing, Sales, Major Sponsorships													
Contracted DMO Services		\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 202,500	\$ 1,417,500
SSRTA Emergency Funding			\$ 75,000	\$ 75,000									
Major Sponsorships Funding Request		\$ 150,000	\$ 150,000	\$ 50,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 950,000
Seattle Seawolvs			\$ 10,000	\$ 10,000									
Seattle Southside Chamber of Commerce			\$ -	\$ -									
Virtual Sports			\$ 30,000	\$ 30,000									
Small Event Development and Support		\$ 10,000	\$ 15,000	\$ 5,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 90,000
Digital Development and Website (Experience Tukwila)		\$ -	\$ 88,375	\$ 88,375	\$ 88,375	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 376,750
SavingLocalKC.com			\$ 154,170	\$ 154,170									
Destination Development													
Wayfinding Plan Development and Installation		\$ -	\$ 50,000	\$ 100,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 600,000
Southcenter Art Investments		\$ 600	\$ 39,400	\$ 39,400	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 379,400
Tukwila Pond		\$ -	\$ 125,000	\$ 125,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,050,000
World Cup Planning and Activation		\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 180,000
Administration/Operations													
Salary		\$ 58,040	\$ 56,586	\$ 53,870	\$ 58,284	\$ 60,032	\$ 61,833	\$ 63,688	\$ 63,688	\$ 63,688	\$ 63,688	\$ 63,688	\$ 412,333
Benefits		\$ 18,124	\$ 18,411	\$ 18,411	\$ 18,963	\$ 19,532	\$ 20,118	\$ 20,772	\$ 20,772	\$ 20,772	\$ 20,772	\$ 20,772	\$ 134,281
City Overhead Charge		\$ 18,741	\$ 19,416	\$ 19,416	\$ 19,998	\$ 20,598	\$ 21,216	\$ 21,853	\$ 21,853	\$ 21,853	\$ 21,853	\$ 21,853	\$ 141,239
Administration Expenses		\$ 21,385	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 201,385
		\$ 116,290											
Total Expenditures:		\$ 479,390	\$ 1,053,858	\$ 1,021,142	\$ 1,009,745	\$ 962,663	\$ 975,668	\$ 978,763	\$ 978,763	\$ 978,763	\$ 978,763	\$ 978,763	\$ 5,932,888
Starting Year Balance:		\$ 1,617,625	\$ 1,957,330	\$ 1,957,330	\$ 1,336,188	\$ 776,443	\$ 413,780	\$ 138,112	\$ 138,112	\$ 138,112	\$ 138,112	\$ 138,112	
Ending Fund Balance:		\$ 1,957,330	\$ 1,703,472	\$ 1,336,188	\$ 776,443	\$ 413,780	\$ 138,112	\$ (40,650)	\$ (40,650)	\$ (40,650)	\$ (40,650)	\$ (40,650)	

Notes

Salary for Bus Manager is split 50/50 between general fund and lodging tax. Salary savings reflects credit to lodging tax for 14 furlough days for 2020.

Revenue Increase (2021-2024)

Salary is assumed to rise 3% per year.

Benefits are assumed to rise 3% per year.

Indirect Cost Allocation is assumed to increase 3% per year.

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 show pending applications.

Cells in green show approved applications.

Cells in red are budgeted items that have not been encumbered.

Tukwila Tourism Funding at a Glance

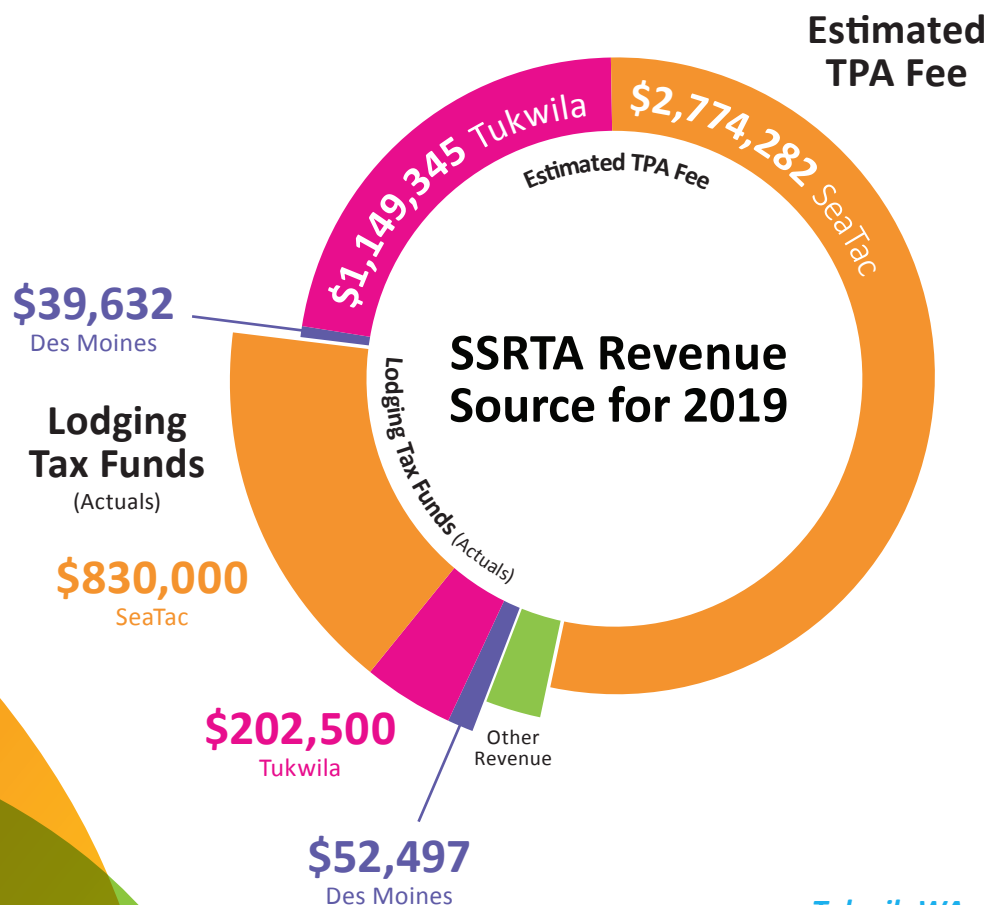
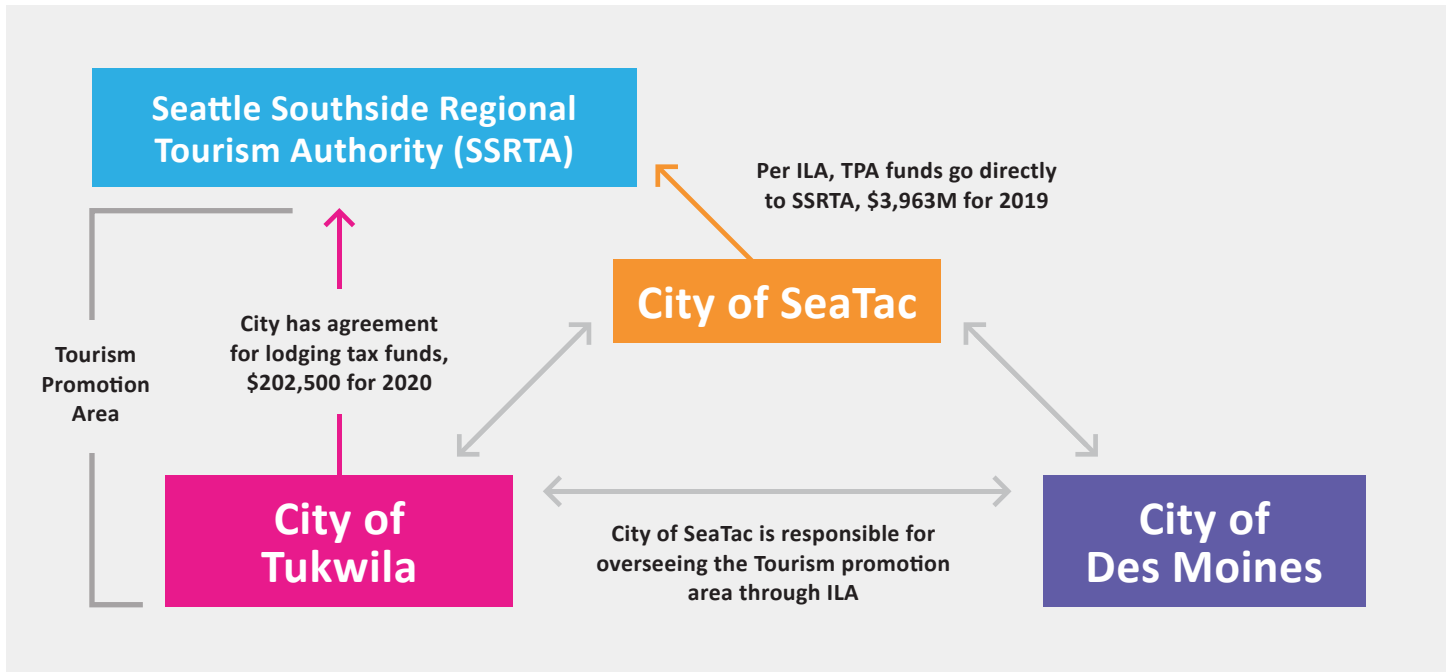
Tukwila’s tourism is funded by two separate revenue sources — the City’s lodging tax and the Tourism Promotion Area (TPA) fee. Jointly, these funds promote our many attractions and help welcome tourists to the City.

Lodging Tax vs. TPA Fee	LODGING TAX	TPA FEE
Statutory Authority:	Tukwila Municipal Code 3.40	Interlocal Agreement (ILA) between Tukwila, SeaTac, and Des Moines
How charges are calculated:	1% of eligible stay in all city hotels, motels, and Airbnb’s Ex. \$100 room rate=\$1 charge	\$2 per night per room of eligible stays only in motels and hotels with 90 or more rooms Ex: \$100 room rate=\$2 charge
Total funds collected from Tukwila properties in 2019:	\$819,000	\$1,149,000 (estimate)
Where do the funds go?	The City’s 101 fund for tourism-related expenditures	The Seattle Southside Regional Tourism Authority (SSRTA) which promotes tourism in Tukwila, Seatac, and Des Moines
Does the City Council control the funds?	Yes (Subject to the City’s Lodging Tax Advisory Committee approval)	No (Modification of Interlocal Agreement (ILA) required)
Can the tax and fee be repealed?	Yes. The standard process for modifying the Tukwila Municipal Code applies	Yes. The City can opt out of the Interlocal Agreement (ILA) with one year’s notice

How Funds Can Be Used	LODGING TAX	TPA FEE
TOURISM PROMOTION AND MARKETING		
Promotion and marketing to bring tourists that live greater than 50 miles away?	Yes	Yes
Promotion and marketing to bring tourists that live within 50 miles of the City?	Yes	No (Effective July 1, 2020)
Marketing special events?	Yes	Yes (provided the funds are used to bring in tourist from greater than 50 miles)
DESTINATION DEVELOPMENT		
Operations and expenditures related to facilities owned or operated by a municipality or public facilities district?	Yes	No
Supporting the operations of tourism-related facilities owned or operated by a nonprofit organization?	Yes	No
Examples of how we use the funds:	SavingLocalKC, Experience Tukwila, Starfire Sports, Museum of Flight, Seattle Southside Regional Tourism Authority, Seattle Seawolves, Tukwila International Food Truck Rally	Support the Seattle Southside Regional Tourism Authority (SSRTA) which promotes tourism in Tukwila, SeaTac, and Des Moines

Tukwila Tourism Funding at a Glance

Tukwila's Relationship with the Tourism Promotion Area (TPA) and Regional Tourism Authority (RTA)





INFORMATIONAL MEMORANDUM

TO: Planning and Economic Development

FROM: Brandon Miles, Business Relations Manager

CC: Mayor Ekberg

DATE: July 27, 2020

SUBJECT: Experience Tukwila: Performance Measures

ISSUE

Discussion of performance measures for Experience Tukwila.

BACKGROUND

This year Tukwila launched its social media to promote the City to people within the greater Seattle region (within 50 miles of the City). These social medial accounts are part of the City's overall campaign to help to bring more people to the City and to help the City brand itself in the region. The overall campaign is called, "Experience Tukwila." Experience Tukwila will have several components:

1. Digital Platforms

Digital platforms will include social media (Facebook, Instagram, Twitter, and LinkedIn), website, and direct email. These platforms will digitally promote Tukwila, its community members, its businesses, and everything that makes the City unique. The digital platforms will include custom photography and videos highlighting the City.

2. Small Events and Festivals

Events and festivals will be sponsored under the "Experience Tukwila" name. Previous events include the Rave Green Run, International Food Truck Rally, and Drag Queen Bowling. The City will work to develop and support additional events and festivals coming into the City.

3. Sponsorship

The City will sponsor third party activities in the City, such as Seattle Chocolates Haunted House, Starfire Sports soccer tournaments, the Museum of Flight. These activities do not fall under the small events and festivals given that they are usually longer in duration activities and are on a larger scale.

DISCUSSION

Performance measures and key performance indicators (KPIs) are important in allowing the City to track the success of activities. The following outlines staff's initial ideas for performance measure and KPIs for Experience Tukwila. These are draft and staff would like to work with PED as part of the budget process to identify the appropriate performance measures and KPIs for Experience Tukwila. Staff will also be reviewing how other similar organizations track success of their efforts.

Overall Performance Measures for Experience Tukwila		
Performance Measure	Target	Method Tracking
Increase total hotel occupancy and hotel revenue.	TBD	<p>While tracking these performance measures is simple, tracking how Experience Tukwila impacted the overall City economy would be difficult. The City could use surveys to track impacts of the City's activities. For example, if someone visits the Experience Tukwila website, we could ask them if they plan or have visited the City. However, this creates a causation versus correlation issue.</p> <p>Cell phone data might also be able to be used to track certain outcomes.</p>
Increase the total number of visitors (day and night) coming to the City.	TBD	
Increase dwell time people spend in the City when visiting.	TBD	
Increase total revenue at entertainment establishments, restaurants, and retailers.	TBD	
Public Perception of the City.	TBD	
		<p>In 2017 the City completed a survey of Puget Sound resident's perceptions of the City. This survey could be duplicated on a regular basis to see if the City's marketing efforts on changing how people in the region view the City.</p>

Key Performance Indicators for Certain Activities		
Website		
KPIs	Goals	Method of Tracking
Total Sessions	TBD	Google Analytics
Total Unique Visitors	TBD	
Total Page Views	TBD	
Click Throughs	TBD	
Videos Viewed	TBD	
Total Session time.	TBD	
Geographic location of visitors.	TBD	
Specific pages viewed	TBD	
Ranking on Google Search	Top of page 1.	Searching "Tukwila" on Google

Social Media		
KPIs	Goals	Method
Total engagements (likes, shares/retweets, comments).	TBD	Track usage on social media accounts.
Reach/Impressions	TBD	Free analytics provided by social media companies.
Tags/mentions	TBD	Free analytics provided by social media companies
Hashtag utilization	TBD	Free analytics provided by social media companies
Click through rate	TBD	Free analytics provided by social media companies
Video views	TBD	Free analytics provided by social media companies
Check Ins	TBD	Free analytics provided by social media companies
Social Listening reports	TBD	TBD
Email Marketing		
Open Rate	TBD	Tools provided with email management systems (Constant Contact, Mail Chimp, etc.)
Clickthrough rate	TBD	
Small Events and Festivals		
Media Impressions	TBD	TBD
Tickets Sold	TBD	Tracking of tickets sold
Total Attendance	TBD	Tracking admission and headcounts.
Revenue from event	TBD	Ticket sales and vendor sales reports.
Media impressions of event.	TBD	TBD
Sponsorships		
Attendance at event or activity.	TBD	Online sales and headcount.
Media mentions	TBD	Self-reporting and google key word monitoring.
Hashtag usage	TBD	Free analytics provided by social media companies

FINANCIAL IMPACT

N/A. Costs will be determined once we decided which performance indicators to use and which KPIs to monitor. Many KPIs can be monitored using free tools on google and social media accounts.

RECOMMENDATION

Discussion only. Staff will work to refine and define performance measures as part of the budget process.

ATTACHMENTS

None.

