



## INFORMATIONAL MEMORANDUM

TO: **Planning and Community Development**

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

CC: **Mayor Ekberg**

DATE: **November 30, 2021**

SUBJECT: **Lodging Tax Funding Requests**

### **ISSUE**

Review of a lodging tax funding request from the City of Tukwila, Office of Economic Development for the 2022/2023 Copa Surf Cup to be held at Starfire Sports.

### **BACKGROUND**

The City collects a 1% lodging tax on certain qualifying overnight stays in paid accommodations (hotels/motels/Airbnb) in the City. State law limits the use of these funds to tourism promotion<sup>1</sup>. There is currently just over \$1 million in lodging tax funds available for use.

The City's Lodging Tax Advisory Committee (LTAC) reviews all requests for use of lodging tax funds. LTAC then forwards a list of recommended applications to the City Council for its review and consideration. If LTAC does not recommend an application be funded, that application is not forwarded to the City Council. The City Council may approve or deny any of the applications recommended by the LTAC. The City Council may also approve an application and increase or decrease the dollar amount awarded<sup>2</sup>.

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

### **Pending Applications**

At its November 12, 2021 meeting, the LTAC recommended approval of a lodging tax request from the City of Tukwila Office of Economic Development to sponsor the 2022/2023 Copa Surf Cup.

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<sup>1</sup> RCW 67.28.080 (6) defines "tourism promotion" as "...activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourists."

<sup>2</sup> On August 17, 2016, the Washington State Attorney General's Office issued an informal opinion regarding whether a municipality could change the dollar amounts recommended by the local lodging tax advisory committee. Specifically, the informal opinion states:

*"When awarding lodging tax revenues pursuant to RCW 67.28.1816(2)(b)(ii), a municipality may award amounts different from the local lodging tax advisory committee's recommended amounts, but only after satisfying the procedural requirements of RCW 67.28.1817(2), according to which the municipality must submit its proposed change to the advisory committee for review and comment at least forty-five days before final action on the proposal."*

**1. City of Tukwila, 2022/2023 Copa Surf Cup (\$25,000 in 2022 and \$25,000 in 2023).**

The annual Copa Surf Cup played every summer in San Diego is one of the largest youth soccer tournaments in North America. Starting in 2022 Surf Cup will have regional play in tournaments across the United States. Starfire Sports will host the northwest play in tournament. Over 150 teams from across Washington, Oregon, Idaho, Montana, northern California, and British Columbia are expected to attend the tournament.

Staff is proposing a sponsorship for the tournament. The City would provide a room rebate for each room night booked in a Tukwila hotel. The total sponsorship would not exceed \$25,000 in 2022 and \$25,000 in 2023.

LTAC Recommendation on Application: Do Fund

Staff Recommendation on Application: Do Fund

**FINANCIAL IMPACT**

The total request for the tax application is not to exceed \$50,000.00 (\$25,000 in 2022 and \$25,000 in 2023). The six-year Tourism Financial Plan approved by the City Council in December of 2020 allocated a total of \$150,000 in lodging tax funding for sponsorships in 2021, 2022, and 2023.

<b>2021 Tourism Six-Year Financial Plan Allocation</b>	
Sponsorships:	\$150,000.00
Global to Local Request (Already Approved):	(\$5,000.00)
City of Tukwila, Juneteenth Event (Already Approved)	(\$5,000.00)
City of Tukwila, Seawolves Partnership (Already Approved)	(\$20,000)
City of Tukwila, Rugby 7s (Pending with Council)	(\$10,000)
City of Tukwila, Gut Check Wrestling	(\$15,000)
XV Rugby Series	(\$15,000)
Remaining Sponsorship Funds:	\$80,000.00

<b>2022 Tourism Six-Year Financial Plan Allocation</b>	
Sponsorships:	\$150,000.00
City of Tukwila, Copa Surf Cup	(\$25,000.00)
Remaining Sponsorship Funds:	\$125,000.00

<b>2023 Tourism Six-Year Financial Plan Allocation</b>	
Sponsorships:	\$150,000.00
City of Tukwila, Copa Surf Cup	(\$25,000.00)
Remaining Sponsorship Funds:	\$125,000.00

**RECOMMENDATION**

Staff recommends that the Committee approve the funding request and forward to the December 13 Special Meeting consent agenda.

**ATTACHMENTS**

1. City of Tukwila, Staff Report to the Lodging Tax Advisory Committee
2. Lodging Tax Application, Copa Surf Cup



**Staff Memorandum**

**Lodging Tax Advisory Committee Funding Request**

**Name of Applicant:**

City of Tukwila, Copa Surf Cup

**Address:**

6200 Southcenter Blvd.  
Tukwila, WA 98188

**Total Funds Requested:**

Not to exceed \$50,000 (\$25,000 in 2022 and \$25,000 in 2023)

**About the Applicant:**

The City of Tukwila is a non-charter City organized under the laws of the State of Washington. Founded in 1908, Tukwila is one of the oldest cities in King County. Since its founding, Tukwila has always been a community at the “crossroads.” Tukwila lies at one of the busiest freeway interchanges in Washington State. The City has a small bedtime population of just under 20,000. During the day the City’s population swells to over 150,000 people, with people coming to the City to work, shop, dine, stay in hotels, and to visit once in a life time experiences, such as the Museum of Flight or iFly.

The City is one of the most diverse cities in the country. Over 70 languages are spoken in the Tukwila School District. Many well-known businesses are based in Tukwila, such as BECU, Westfield Southcenter, Seattle Seawolves, Seattle Sounders FC, Top Pot Donuts, Pop Gourmet, and the Sabey Corporation. The City has over 2,000 hotel rooms and over 100 restaurants

**Funds Previously Awarded:**

None for this event. The City has previously been provided funds for a variety of activities.

**Funding Request Narrative:**

The City of Tukwila is requesting lodging tax funds in 2022 and 2023 to sponsor the NW Surf Copa Series in the Spring. This will be a very large soccer tournament, bringing in youth soccer teams from across the western United States and Canada. Staff estimates over 4,200 room nights would be generated.

**Staff Comments:**

This tournament is already booked at Starfire Sports for 2022. The goal with the sponsorship for 2022 and 2023 is to ensure that the City receives the hotel room nights generated and that leakage to adjacent cities is minimized.

**Consistency with Six Year Financial Model:**

For 2021, the Six Year Financial Plan shows the City spending \$150,000 for sponsorship, such as this. There will be sufficient funds remaining in the budget for other 2021 sponsorships.

Sponsorship Funds Provided in Six Year Financial Plan:	\$150,000
Spice Bridge Request (approved)	(\$5,000)
Juneteenth Request (approved)	(\$5,000)
Seawolves (approved)	(\$20,000)
City of Tukwila, Rugby 7 (approved)	(\$10,000)
City of Tukwila, Gut Check (approved)	(\$15,000)
<u>City of Tukwila, XV Rugby Series (approved)</u>	<u>(\$15,000)</u>
<b>Remaining Funds:</b>	<b>\$70,000</b>

For 2022, the Six Year Financial Plan shows the City spending \$150,000 for sponsorship, such as this. There will be sufficient funds remaining in the budget for other 2022 sponsorships.

Sponsorship Funds Provided in Six Year Financial Plan:	\$150,000
<u>City of Tukwila, Copa Surf Cup</u>	<u>(\$25,000)</u>
<b>Remaining Funds:</b>	<b>\$125,000</b>

For 2023, the Six Year Financial Plan shows the City spending \$150,000 for sponsorship, such as this. There will be sufficient funds remaining in the budget for other 2023 sponsorships.

Sponsorship Funds Provided in Six Year Financial Plan:	\$150,000
<u>City of Tukwila, Copa Surf Cup</u>	<u>(\$25,000)</u>
<b>Remaining Funds:</b>	<b>\$125,000</b>

Note, the total amount of this sponsorship will not exceed \$50,000 over the two year period. The exact amount could be lower as we negotiate the final scope.

**City of Tukwila Staff**

**Recommendation to LTAC:** Approval

**Notes:**

None.

## Application to the City of Tukwila for Use of 2021 Lodging Tax Funds

Event or Activity Name (if applicable):	2022/2023 NW Surf Copa Series
Amount of Lodging Tax Requested:	\$50,000 (2022, \$25,000, 2023, \$25,000)
Applicant Organization:	City of Tukwila
Federal Tax ID Number:	91-6001519
Mailing Address:	Office of the Mayor 6200 Southcenter Blvd Tukwila, WA 98188
Primary Contact Name:	Brandon Miles
Primary Contact Phone:	206-431-3684
Primary Contact Email Address:	Brandon.Miles@Tukwilawa.gov

Check all the service categories that apply to this application:

***Tourism promotion or marketing.***

***Operation of a special event or festival designed to attract tourists.***

Operation of a tourism-related facility owned or operated by a non-profit organization.

Operation and/or capital costs of a tourism-related facility owned by a municipality or a public facilities district.

Check which one of the following applies to your agency:

Non-Profit (Note: Attach a copy of your current non-profit corporate registration from the Washington Secretary of State Office)

***Municipality***

For Profit Corporation

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

- I am proposing a tourism-related service for 2021. If awarded, my organization intends to enter into a services contract with the City; provide liability insurance for the duration of the contract naming the City as additional insured and in an amount determined by the City; and file for a permit for use of City property, if applicable.
- My agency will be required to submit a report documenting economic impact results in a format determined by the City.

Signature:     /s/

Date: March 10, 2021

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

The Surf Cup in San Diego is one of the largest and longest running youth soccer tournaments in the country. The tournament attracts teams from all over the United States and Canada. Starting in 2022 the Surf Cup will have regional play in tournaments for teams that want to play in the main tournament in San Diego. Starfire Sports in Tukwila has been selected to host the 2022 NW Surf Copa Series in June. This tournament will bring in high level traveling soccer teams from across Washington State, Oregon, California, Idaho, Montana, and British Columbia.

This tournament has already been booked at Starfire Sports. The goal with the funding request is to ensure that Tukwila hotels receive the room nights generated and there is no room night leakage outside of the City. To accomplish this goal, this funding request will provide a per room night rebate for each room night generated and documented within the City. This will be a two-year funding request.

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

The official name is the NW Surf Copa Series and will be held June 3-5, 2022. The 2023 dates have not been confirmed. An estimated 160 teams, with over 2,500 players will be in attendance. Total attendance, which would include parents and other family members, is estimated to be approximately 5,500 people.

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

Both, with a heavy emphasis on overnight visitors.

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

This tournament has already been booked at Starfire Sports. The goal with the funding request is to ensure that Tukwila hotels receive the room nights generated and there is no room night leakage outside of the City. To accomplish this goal, this funding request will provide a per room night rebate for each room night generated and documented within the City. This will be a two-year funding request.

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

This tournament will pull in teams from across Washington State, Oregon, California, Idaho, Montana, and British Columbia.

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

The tournament will be organized by Washington Premier League, which operates tournaments at Starfire and throughout the State.



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

This is the first time the event is being held. The Surf Cup is one of the most well-respected youth soccer tournaments in the United States and team demand to go to San Diego is greater than spots available. The play in tournaments should be very successful in attracting teams.

**7) Describe the media strategy you employ to promote your event/activity/facility to attract overnight and/or day tourists? Please list any digital or print media (newsletters, e-blasts, social media, etc.) your agency uses or intends to use to promote your event/activity/facility.**

Washington Premier League will market the tournament to teams in the regions outlined above. The City, through its Experience Tukwila brand, will highlight the tournament via social media and promote things to do as visitors come to the City.

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

A majority of the funds for the sponsorship will be rebate based, meaning that the in order for the fee to be paid the organizers must demonstrate actually room night books at Tukwila hotels. The City also utilize the organizers emails to promote Experience Tukwila and Seattle Southside to the tournaments participants.

**9) Is the City able to use your digital and print media for collaborative marketing?**

Yes.

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

This event will be promoted as being in Tukwila in some medias. Since this is a large, national draw, the tournament may also use the Seattle or Seattle Southside name in describing the location of the event.

**11) Measurements and Metrics (Note: You will be required to report these metrics as part of the close out of the agreement between your organization and the City.)**

<b>As a direct result of your proposed tourism-related service, provide an estimate of:</b>	
a. Overall attendance at your proposed event/activity/facility.	5,500
b. Number of people who will travel fewer than 50 miles for your event/activity.	550

c. Number of people who will travel more than 50 miles for your event/activity.	4,950
d. Of the people who travel more than 50 miles, the number of people who will travel from another country or state.	3,500
e. Of the people who travel more than 50 miles, the number of people who will stay overnight in Tukwila.	4,950
f. Of the people staying overnight, the number of people who will stay in PAID accommodations (hotel/motel/bed-breakfast) in Tukwila.	4,950
g. Number of paid lodging room nights resulting from your proposed event/ activity/facility ( <i>for example: 25 paid rooms on Friday and 50 paid rooms on Saturday = 75 paid lodging room nights</i> )	4,242

**12) 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?**

Assuming people fly in on June 2 and out on June 5, so three room nights. Of the 4,950, assume 3.5 people per room on average, 1,650 times the total room nights of three= 4,242 room nights.

**13) Are you applying for lodging tax funds from another community? If so, which communities and in what amounts?**

No.

**14) Are you applying funding from Seattle Southside Regional Tourism Authority (SSRTA)? If so, in what amount?**

No.

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

This is a two-year funding request (\$25,000 for 2022 and \$25,000 for 2023). Most of the funds will be awarded based on actual room nights booked and verified in Tukwila lodging establishments.

**16) What will you cut from your proposal or do differently if full funding for your request is not available or recommended?**

The event would still occur, but we would not be able to ensure that the hotel nights land in Tukwila hotels. The room nights could be go to adjacent cities, such as Renton or Kent.

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

Questions?

LTAC Contact:  
Brandon J. Miles  
(206) 431-3684  
[Brandon.Miles@Tukwilawa.gov](mailto:Brandon.Miles@Tukwilawa.gov).

Updated: January 5, 2021