



CITY OF SEATAC HOTEL/MOTEL TAX ADVISORY COMMITTEE

April 14, 2021, 3:00 – 5:00 p.m.
Chair: Councilmember Stan Tombs
Virtual Special Meeting (note below):

AGENDA

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| 1. Facilitated Introductions – All | 3 Minutes |
| 2. Review and Approve Minutes of March 10 meeting | 2 Minutes |
| 3. SeaTac Police Department Report & Discussion | 10 Minutes |
| 4. SSRTA Update | 10 minutes |
| 5. Smith Travel Report/WA Department of Revenue Statistics | 10 minutes |
| 6. Lodging Tax Application/Funding Requests | 15 minutes |
| a. Possible shuttle application | |
| i. Timeline/special meeting to review | |
| b. 2021 Applications | |
| 7. Destination Enhancement and Programs to Increase Tourism Attraction | 15 minutes |
| a. Tourism & Travel Policy update/PED meeting & related comments | |
| 8. City Updates | 5 minutes |
| 9. Other Business | 5 minutes |

Adjournment

Special Meeting:	TBD at April 14 Meeting
Next meeting:	Wednesday May 12, 2021
Future meetings:	City Attorney to review HMAT RCW, Port of Seattle guest speakers

A quorum of the City Council may be present

PLEASE NOTE:

**Public call in number 206-973-4555.
Committee members receive GoToMeeting call in details.**

Due to the current COVID-19 public health emergency, and social distancing protocols, pursuant to the Governor's and public health officials' orders, this meeting will be conducted virtually. The public may call in to the conference line to listen to the meeting per the details provided above. While you will be able to hear the meeting, you will not be able to participate in the meeting. You may be asked to identify yourself. Please note that if you are unable to mute your phone, everyone else on the call-in line will be able to hear you, so please refrain from speaking. If background noise or side conversations interfere with the meeting, your line may be muted or disconnected. City Hall is closed so no one will be able to physically attend this meeting.

This is a working advisory committee and although open to the public, no public comment process is provided. If you have questions, please email them to ayeremeyev@seatacwa.gov. Thank you!



Hotel Motel Tax Advisory Committee Meeting Minutes

3/10/2021

3:00 pm – 5:00 pm

Virtual Meeting

Members Present: Chair Stanley Tombs, Wendy Ann Morgan, Barbara Brunetti, Jeff Bauknecht, Richard Scherzinger, Brandi Mitchell

Members Absent: Russell Stevenson

Staff Present: Evan Maxim, *CED Director*; Aleksandr Yeremeyev, *Economic Development Manager*; Tanja Carter, *Economic Development Strategist*; Justin Alipio, *Asset Management Coordinator*; Barb Mailo, *Administrative Assistant 3*; SeaTV

Others Present: Katherine Kertzman, *President/CEO Southside*; Peter Kwon, *Deputy Mayor*

Commence: 3:00 PM

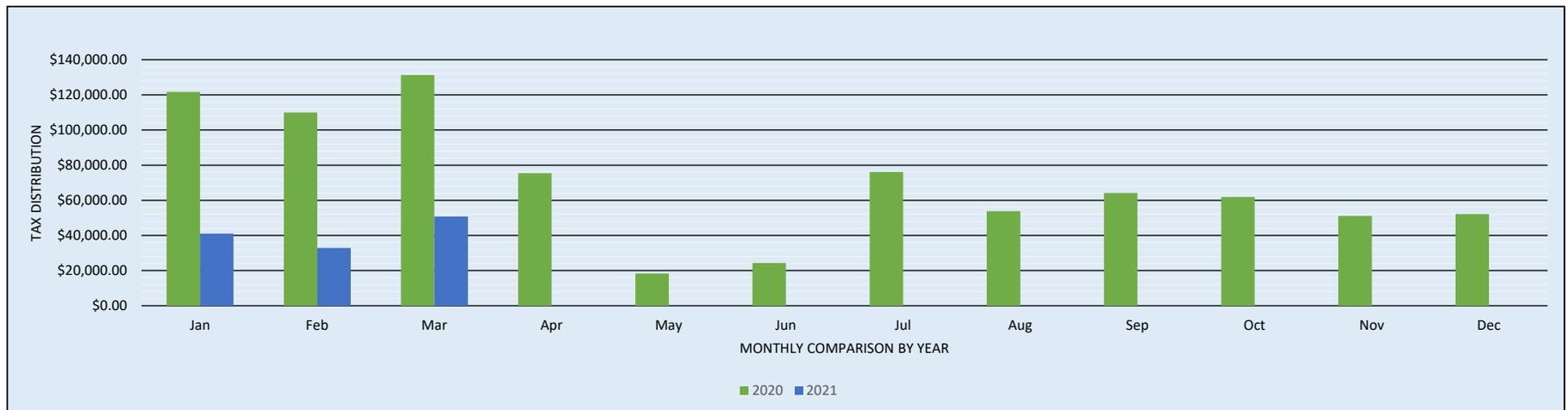
Adjourn: 4:50 PM

1. Virtual Meeting Outline/Process	Chair Tombs called the meeting to order at 3:00 PM.
2. Review and Approve Minutes of February 10, 2021 meeting	<input checked="" type="checkbox"/> Approved as Written <input type="checkbox"/> Approved with Modifications Chair Tombs declared that motion by Committee members to approve February 10, 2021 Minutes is Unanimous.
3. SeaTac Police Department Report & Discussion	<input checked="" type="checkbox"/> Informational Economic Development Manager Aleksandr Yeremeyev reported an incident in lieu of Captain Joe Hodgson's absence.
4. SeaTac SeeClickFix Introduction	<input checked="" type="checkbox"/> Informational Asset Management Coordinator Justin Alipio presented SeaTac's SeeClickFix web based program. The purpose of the presentation was to provide an overview of the SeeClickFix's purpose and functionality, as well as future updates and plans. SeeClickFix is a resource for the resident and business communities.
5. SSRTA Update	<input checked="" type="checkbox"/> Informational Southside President/CEO Katherine Kertzman reported the weekly SSRTA updates, summary of the King County "Do Something" campaign, staffing update, travel improvements, and board meeting reminder.

<p>6. Smith Travel Report/WA Department of Revenues Statistics</p>	<p><input checked="" type="checkbox"/> Informational</p> <p>Richard Scherzinger reported on the STR trends and Economic Development Strategist Tanja Carter presented the Department of Revenues Lodging Tax Report.</p>
<p>7. Lodging Tax Application/Funding Requests a. Review Current Application Packet</p>	<p>Tanja Carter introduced the discussion.</p> <p>Discussion commenced with Aleksandr Yeremeyev, Richard Scherzinger, Barbara Brunetti, Brandi Mitchell, Jeff Bauknecht, Chair Tombs, Katherine Kertzman, and Tanja Carter regarding the SeaTac - Mall Shuttle service.</p> <p>Tanja presented the 2021/22 Lodging Tax Funding Application and evaluation materials.</p> <p>Discussion commenced with Jeff Bauknecht and Aleksandr Yeremeyev regarding certain information on the application. Wendy Morgan and Katherine Kertzman agreed with Jeff's findings and requested clarification.</p> <p>Further discussion commenced with Aleksandr, Katherine Kertzman, Wendy Morgan, Richard Scherzinger and Tanja Carter.</p>
<p>8. Destination Enhancement and Programs to Increase Tourism Attraction a. Progress report on Destination Development i. Research & Comprehensive Plan Amendment – Tourism and Travel</p>	<p>Tanja reported on policies surrounding the Comprehensive Plan Amendment Tourism and Travel segment within the Economic Vitality Element.</p> <p>Discussion commenced with Aleksandr Yeremeyev, CED Director Evan Maxim, Chair Tombs, Jeff Bauknecht, Richard Scherzinger, Katherine Kertzman, and Tanja Carter.</p>
<p>9. City Updates</p>	<p>Aleksandr Yeremeyev reported on business development, housing units, and small businesses opening locations in the City. He also commented on displaced businesses that have left the City and are looking at relocating back. Further updates included new business such as the opening of the Mall of Africa that is located close to Safeway (208th West side) and other businesses along International Boulevard.</p>
<p>10. Other Business</p>	<p>Wendy Ann Morgan reported that a wedding planner has been hired at the Botanical Garden.</p>
<p>11. Adjourn</p>	<p>As there were no further business, Jeff Bauknecht moved to adjourn the meeting. Seconded by Richard Scherzinger. Meeting adjourned at 4:50 PM</p>

**Hotel Motel Tax Advisory Committee
Local Tax Distribution Report
Special Hotel/Motel Tax**

2020	Distribution	2021	Distribution
Jan	\$121,624.17	Jan	\$41,098.46
Feb	\$109,927.63	Feb	\$32,884.70
Mar	\$131,257.73	Mar	\$50,796.25
Apr	\$75,431.71	Apr	
May	\$18,397.76	May	
Jun	\$24,302.12	Jun	
Jul	\$76,095.13	Jul	
Aug	\$53,842.42	Aug	
Sep	\$64,194.10	Sep	
Oct	\$61,814.99	Oct	
Nov	\$51,138.72	Nov	
Dec	\$52,127.72	Dec	
SUBTOTAL	\$840,154.20	SUBTOTAL	\$124,779.41
TOTAL 2020	\$840,154.20	TOTAL 2021	\$124,779.41



Meeting Date

MEMORANDUM COMMUNITY & ECONOMIC DEVELOPMENT (CED)

Date: April 14, 2021
To: Hotel Motel Advisory Committee (HMAC) - Meeting on 4/14/2021
Administration & Finance (A&F) Committee – Meeting on 5/13/2021
CC: Evan Maxim, Director, Community & Economic Development
From: Tanja Carter, Economic Development Strategist
Subject: **SeaTac Hotel Shuttle Program Preliminary Analysis & Recommendation**

Overview

The purpose of this memo is to receive feedback regarding support for using lodging tax monies to support the SeaTac - Westfield Mall Shuttle Program using lodging tax monies. In order for HMAC and the A&F committee to evaluate this program, the Economic Development staff are providing the Committees with 1) shuttle program background, 2) historical ridership data analysis, 3) SeaTac hospitality industry significance overview, and 4) subsequent staff recommendations on reinstating funding of the program to support the SeaTac lodging/hospitality industry competitiveness and recovery.

Background

Overview

For twenty (20) years, the Seattle Southside Regional Tourism Authority (SSRTA or RTA) formerly known as Seattle Southside Visitor Services (SSVS), has hired Seattle Express to provide regularly scheduled shuttle services from hotels in the City of SeaTac to the Westfield Southcenter Mall seven days a week (excluding some major holidays). Throughout this time, the organization also initiated different service models (such as including the Museum of Flight on the route, obtaining financial support from Southcenter Mall, etc., however none of the expanded initiatives lasted longer than a year at the decision of the partners and feedback from riders. It should also be noted that Tukwila hotel ridership for the shuttle program was historically significantly lower than SeaTac because Tukwila hotel shuttles make trips to the Airport and incorporate a guest drop off the Mall as part of their route. The Tukwila hotel service by the shuttle program was ended after the 2008 recession.

Value Proposition

The main reason for providing the SeaTac shuttle program service is to enhance competitiveness of SeaTac hotels through added value in order to capture business of potential overnight guests and groups in a price sensitive hotel room market within the region. Between 2016 and 2019, Seattle Express each year transported approximately 25,000 SeaTac hotel guests to Westfield Southcenter Mall*. As part of the annual agreements, the shuttle is also wrapped in Seattle Southside branded advertising; adding to regional image building. The peak travel season is usually between May and September, when historically both hotel occupancies near

90% and average ridership numbers have surpassed 2,500 per month with a high mark of 3,100. Ridership is consistent at about 1,500-2,000 per month during the other months.

**See exhibit A "Annual Ridership"*

Funding

In 2016, the RTA assumed the shuttle program contract from SSVS with 100% of the cost funded by SeaTac lodging tax (prior to 2011 the shuttle program cost was split with lodging tax funding from Tukwila). The RTA has been contracting for this service on an annual basis with monthly costs in 2019 being \$13,333. The shuttle service has been suspended since April 2020 due to the COVID-19 pandemic. Previously the shuttle program costs have been incorporated into the annually approved tourism marketing initiatives the SSRTA provides to the City of SeaTac. For reference - the City of SeaTac's HMC members have historically always supported lodging tax funding for the complimentary shuttle service for SeaTac hotel guests and the SeaTac Council has historically supported HMC's shuttle funding recommendation each year from 2002-2020.

Shuttle Significance to Hospitality Industry

According to Seattle Express, historically the top four SeaTac hotels for ridership are the DoubleTree by Hilton Hotel Seattle Airport (850 rooms), Hilton Seattle Airport and Conference (396 rooms), The Hampton Inn & Suites Seattle-Airport /28th Ave (218 rooms) and the Radisson Hotel Seattle Airport (204 rooms). Room capacity for all four hotels is 1668 rooms; which represents 28% of the entire City hotel inventory of about 6,000 rooms. The shuttle is most in use from Thursday to Sunday with the most popular days being Friday and Saturday. Industry representatives consistently express strong support for the SeaTac shuttle program.

According to Brandi Mitchell Area Manager of BMI Hospitality, "Our hotels see more leisure traveler use than airline crew use; however, we also have a lot of corporate travelers that use the service since most don't have cars. When we do negotiate crew contracts, the shuttle has about a 30-40% impact on our ability to close contracts, which is very meaningful. It's also more crucial now than ever to reinstate this service since there is so much room inventory right now that this amenity is a critical differentiation."

Rich Scherzinger, General Manager reports that the Hilton pre pandemic "...hosted 60-75 crew a night at the 850 room DoubleTree Hotel. Several international crews come from countries where shopping in the USA is highly desired, since they do not have such a selection of products and low pricing. Additionally, many international crew have long layovers, which contractually require crew to be near shopping. Having the shuttle means that SeaTac hotels can therefore compete with the Seattle hotel market. Our local market also depends on the shuttle during late summer and back to school shopping. Many of our leisure travelers come from eastern Washington to stock up for school since they don't have such amenities where they live."

Finally, Donna Rios from Radisson shared that "during COVID-19 it's been hard for guests to get out in SeaTac, which makes our hotels less desirable. Guests' main option for shopping where transportation is reasonably

priced is light rail to Seattle, which is not as easy or convenient like having Westfield Mall in your neighborhood. This was a great amenity we shared upon guest check-in, which enabled them to easily plan their stay. Now it is much more complicated if they want to get around.”

Hospitality Industry Significance to City of SeaTac

The hospitality, travel, and tourism industries were among the most impacted by the effects of the Covid-19 pandemic. Lodging tax collections in SeaTac for 2020 at \$840,154 were about 45% of 2019 levels at \$1,882,246. Additionally, accommodations and food services industries collectively represent approximately 20% of all commercial businesses and subsequent sales tax revenues in SeaTac. SeaTac’s hotel industry speed to recovery is determined by the collective ability to recapture traveler volumes. The most recent data from Smith Travel Report indicated SeaTac market hotel occupancies reaching 55% during March of 2021.

SeaTac hotels compete regionally for business. As with the airline crew contracts, leisure and business travelers are more likely to choose hotels with easy access to, or closer to shopping and other amenities. SeaTac’s competitive advantage is the abundant inventory and variety of lodging options. When SeaTac hotels capture a higher number of travelers, occupancy levels and ADR (average daily rates) increase, and so does hospitality-related spending within the City. The loss of traveler volumes from SeaTac to hotels in other parts of the region results in lost lodging, parking, and sales tax revenue through lower SeaTac hotel occupancy. A major challenge for SeaTac hotels is the relatively limited amenity base within the City of SeaTac proper. Thus, it is important to improve access to regional amenities and increase the SeaTac amenity base. These market dynamics and opportunities inform the travel and tourism policy SeaTac is developing. The overarching goal is to maximize the benefits to the City of SeaTac by ensuring a positive visitor experience, creating programming and connectivity for travelers by improving connection of hotel guests in the International Boulevard hotel district to the amenities SeaTac and the region has to offer.

Staff Recommendation

SeaTac tourism and travel industry representatives have expressed a strong desire to bring back the shuttle program. At various points, SeaTac Councilmembers have also expressed an interest in the program. The SeaTac economic development staff prepared this memo detailing the historic shuttle program to share with both HMAC and the A&F Committee. Based on available information, staff recommends that the RTA in collaboration with the City prepare an application for lodging tax funding to support the re-deployment of the SeaTac-Westfield Mall shuttle program. Staff acknowledges that the fluidity of the economic recovery and reopening restrictions will necessitate further analysis of scoping the service and ongoing evaluation of the program utilization.

Timeline and Milestones

Should the HMAC and the A&F Committees express interest in moving the program forward, an application for lodging tax funding will be prepared for the shuttle service and submitted to HMAC by end of May for review and recommendation. The A&F Committee would review the funding recommendation and proposed budget amendment at the June 10th meeting. Subsequently, the funding recommendation would be reviewed and possibly acted on at the Regular Council Meeting on June 22nd. If the application and funding recommendation is approved, it is estimated that the shuttle could be running by July 2021.