



**CITY OF KIRKLAND**  
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## **MEMORANDUM**

**To:** David Ramsay, City Manager

**From:** Sheila Cloney, Special Project Coordinator

**Date:** July 11, 2006

**Subject:** Dedication of Concours d'Elegance Admissions Tax Receipts to Evergreen Hospital

### **RECOMMENDATION:**

Approve the dedication of the Concours d'Elegance admissions tax receipts to support the Evergreen Hospital Women's and Children's uncompensated care program. Acknowledge that the City will not pursue the collection of the unremitted admissions tax for the 2004 and 2005 Concours events, because the receipts from these events went directly to support Evergreen and Children's Hospitals programs.

### **BACKGROUND DISCUSSION:**

The Kirkland Concours d'Elegance was founded in 2003 by four local business people whose mission was to give back to the community by creating a unique event that could not be duplicated in the Pacific Northwest. The event provides a venue to see some of the finest and most unique cars in the world while at the same time raising money to help seriously ill children. This event has been growing each year, and currently raises over \$150,000 annually for children's programs at Evergreen and Children's Hospitals.

City staff and Concours organizers recently met to discuss how the City might increase its involvement with the event. One recommendation from that meeting was that the City could dedicate the admissions tax collected from the event to the Evergreen Hospital uncompensated care program that is supported by Concours. Concours organizers estimate that the tax could generate approximately \$3,000 in revenue this year.

All organizations that charge admission to a Kirkland event are required to collect and remit an admissions tax to the City. The admission tax due is based on the established ticket price at a rate of five percent. Following the event, the admissions tax is remitted to the City. In this case, Concours organizers request that the City dedicate the admissions tax receipts associated with their event to Evergreen Hospital's Women and Children's uncompensated care program as part of Evergreen Hospital's share of the proceeds from the event.

In 2003, the Concours remitted admissions tax receipts in the amount of \$1,865.25 to the City. In 2004 and 2005, Concours d'Elegance organizers donated the proceeds from the annual events directly to the Evergreen and Children's Hospitals programs for uncompensated care and did not remit admissions tax receipts to the City. In acknowledgment of the charitable donation of these event proceeds, staff recommends that the City not pursue collection of the 2004 and 2005 admissions tax associated with the Concours d'Elegance event.

This request from the Concours d'Elegance organizers has brought issues related to the City's Admissions Tax policy into focus. Currently, the City's Municipal Code exempts only secondary and elementary school functions from the tax. This has had the unintended consequence of driving some local non-profit event organizers to conduct their charitable events in locations outside Kirkland, where they would not be subject to an admissions tax. In light of this

issue, the City of Kirkland may want to consider a limited exemption for occasional charitable events that are conducted by non-profit organizations. To address this issue, staff recommends that a review of Admissions Tax policy be included in the 2007 work program.

# **Kirkland Concours d'Elegance**

## **Presentation to Kirkland City Council**

July 5, 2006

### **Purpose**

The purpose of this document and of the presentation to the Kirkland City Council on July 5 is twofold: To inform Council members about the Concours and the benefit it brings to the Kirkland Community; and To invite the City of Kirkland to become more involved in this important event.

### **History**

The Kirkland Concours d'Elegance or, "Contest of Elegance", is patterned after the Pebble Beach Concours d'Elegance which is perhaps the most celebrated classic and vintage collector car event in the world and has enjoyed the participation of some of those in leadership positions at Pebble Beach. Like Pebble Beach, the Kirkland Concours d'Elegance is a celebration of the classic art of automobile design. Invited vehicles are grouped into classes and judged based on their rarity, quality, presence, and most of all their elegance. The most deserving vehicles are celebrated at the conclusion of the event at the "Circle of Champions" award ceremony.

The Kirkland Concours d'Elegance was founded in 2003 by four local business leaders who wanted to give something back to the community by creating a unique event that could not be duplicated in the Pacific Northwest. It provides a venue to see some of the finest and most unique cars in the world while at the same time raising money for to help seriously ill children.

The inaugural event in 2003 showed 83 cars (mostly local), raised \$63 thousand and was supported by mostly local interests, including the Kirkland Auto Dealers Association, the Presenting Sponsor. Even though it was the Kirkland Concours' first year, the promise of the event and the gorgeous Kirkland setting allowed us to attract significant national attention; we were able to attract car enthusiast, Emmy and Tony winning actor, and Pebble Beach Master of Ceremonies Edward Herrmann who continues to "volunteer" as the Kirkland Concours MC every year.

In 2004 the Kirkland Concours raised \$134 thousand and an additional \$16,374 of in-kind contributions. Sponsorship became more regional with support from AAA of Washington, Phil Smart Mercedes-Benz, and Cutter & Buck. The Kirkland Concours also hosted one of the largest gatherings of Duesenberg vehicles ever seen on the west coast as the feature class of cars.

While the 2005 event was held in the rain, seriously limiting attendance, the Concours continued to grow, raising over \$180 thousand, plus \$40 thousand of in-kind contributions, for our charities, while growing to true regional stature with national recognition. The event continued to attract top local and regional companies but also saw national organizations—Sports Car Market Magazine, Hagerty—Collector Car Insurance, and RM Auctions—join the ranks of more than 40 corporate sponsors. The event also attracted the attendance of many of the biggest names in car collecting from throughout the United States and was supported by the Blackhawk Museum and Collection out of Danville California. In 2005 the Kirkland Concours branched out, adding classic wooden boats and vintage motorcycles to the event.

### **2006—Continuing to Grow**

Interest in the 2005 event has been enormous with over 50 corporate sponsors signed up and pledging more than \$240 thousand to date plus an additional \$21 thousand in in-kind support. Nationally recognized sponsorship has also increase including the LeMay Museum who is now the Presenting Sponsor of the 4th Annual Phil Smart Mercedes-Benz Kirkland Concours

d'Elegance. Discussions are also underway with many other impact sponsors. Other highlights of the 2006 event are:

- Participants in the 2006 Kirkland Concours will be coming from across the United States and Canada;
- The Classis Car Club of America has announced it will launch its Fall Tour from the site, displaying an additional 60+ vehicles on the grounds;
- The Pacific Northwest Chapter of the Porsche Club of North America will sponsor the Porsche Sports and Racing Class, and display 30 of their finest vehicles;
- The 2006 Kirkland Concours will feature what is believed to be the largest gathering of Custom Dietrich bodied cars ever held in the United States;
- As part of the Antique Class this year, the Kirkland Concours will present a few steam vehicles which will be driven onto the grounds to announce the opening of the event;
- Glenn Mounger, Past Co-Chairman of the Pebble Beach Concours has agreed to be the Kirkland Concours Head Judge;
- The Peterson and Nethercutt Museum's, two of the worlds premier automobile museums, located in Los Angeles will be participating in 2006;
- The very popular Vintage Wooden Boat and Motorcycle displays are back again this year, with the boat class attracting participants from as faraway as California;
- This year, the Kirkland Concours will initiate the Junior Judges Award—an award highlighting the important fact that all proceeds from the event help seriously ill children. The Concours has worked closely with Lake Washington School District to identify eight young people who will judge and present the award. The Award is sponsored by Talaris Research Institute, a non-profit founded by Bruce and Jolene McCaw to improve the healthy development of children from the prenatal period through age five.

### **Community Benefit**

One hundred percent of the proceeds from the Kirkland Concours d'Elegance go to support Evergreen Hospital's Women and Children's program and Children's Hospital and Regional Medical Center's uncompensated care program. This means that in the three years since its inception, the Kirkland Concours has contributed over \$375 thousand to helping sick children. The goal for 2006—a goal which is very much in sight—is to contribute another \$250 thousand. It goes without saying that the residents of Kirkland benefit greatly from having available to them the fine services of Evergreen Hospital and Children's Hospital and Regional Medical Center.

The entire event is planned and carried out by volunteers, with literally hundreds of individuals joining forces to ensure a quality, successful event. Not only does this community largesse literally make the event possible, it also provides an opportunity for local and regional residents to contribute to a very important cause.

Besides this most significant community benefit of providing care for seriously ill children, there are many other benefits, among them:

- Puts the "elegance" of Kirkland on the map. Well known and well respected individuals from the Puget Sound region and the nation now know the beauty of Kirkland;
- Organizers CHOSE Kirkland as the venue for the event in spite of offers from other venues;
- Advertising of the Kirkland Concours is nationwide, drawing attention to the community;
- The event is held on private property with minimal impact on residents;

- Economic advantages include literally thousands of dollars brought into the local economy by people staying at local hotels, eating at local restaurants, shopping in local stores and galleries, etc.
- Link from Kirkland Concours website to Kirkland Prospector website creates the possibility of business development.

It is clear that even though the real benefit to the local community is the support of two fine medical facilities and the children they serve, there are many other benefits to Kirkland. Clearly, the Kirkland Concours d'Elegance provides economic benefits and, in general, adds value to the Kirkland "brand", and it does so with minimal cost or disruption to the city or its residents.

#### **Keeping Costs Down to Increase Community Benefit**

Because all net proceeds from the Kirkland Concours d'Elegance go to support Evergreen and Children's Hospitals, the Concours Board works continuously to find ways to reduce costs and do things more efficiently. Examples include:

- Contract with the Kirkland Chamber of Commerce to carry out essential administrative functions rather than hire staff; clearly the cost was lower to "buy" the services from the Chamber than to incur the cost of hiring and maintaining staff;
- Administration of the fundraising effort during the formative years was done by Evergreen Healthcare Foundation at no cost. If the Board had had to hire fundraising experts, that would have reduced the amount of money available to support the hospitals;
- Extensive (and growing) in-kind contributions reflect the biggest benefit. If those services—ranging from transportation to printing to parking to advertising—all had to be bought at full cost, the hospitals' benefit would have been reduced by several thousand dollars.

Recently, we met with City staff to explore ways in which the City might increase its involvement with the Kirkland Concours by reducing or eliminating various costs which the Kirkland Concours pays the city (thereby increasing the funds available to care for children). Based on those discussions, we will be submitting grant applications to both the Community Agency grant program (for funds to offset costs for such things as police, banner hanging fees, etc.) and the Lodging Tax grant program (to support the cost of advertising and other related items). We will be submitting these grant applications for support for next year.

#### **A Request**

Finally, we would like to request that the City Council take action to refund to the Kirkland Concours d'Elegance (a bona fide 501 (c) (3) ) the amount of the Admissions Tax. We estimate that that amount in 2006 (assuming good weather) will be around \$3000.

#### **Thank You**

It is clear that the Kirkland Concours d'Elegance provides significant benefits to the residents of Kirkland. This has been possible because of the significant contribution of time and money by a number of people inside and outside of Kirkland. We very much appreciate the opportunity to hold this event in a City as lovely as Kirkland and we very much appreciate the partnership with City in this important enterprise.