

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 5e  
**Date of Meeting** November 5, 2013

**DATE:** October 18, 2013  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** Jane Kilburn, Director, Tourism Development and Senior Communications Counsel  
**SUBJECT:** International Tourism Promotion funding

**Amount of This Request:** \$350,000      **Source of Funds:** Operating funds

**ACTION REQUESTED**

Request Commission authorization to (1) enable sole-source selection of Washington Tourism Alliance (WTA) to conduct international tourism promotion services by exercising the Commission's authority under RCW 53.19.020(5); and (2) authorize the Chief Executive Officer to execute a contract for services with WTA for one year with one option year, for a total not to exceed \$350,000.

**SYNOPSIS**

The Port of Seattle works to promote tourism to this area from international markets where it has direct flights. To effectively promote tourism to Seattle, the Port has partnered with Visit Seattle (formerly Seattle's Convention and Visitors Bureau) and (until 2011) with the State of Washington to provide joint tourism activities consisting of development of inbound familiarization trips, oversight of international public relations/tourism promotion contracts in foreign markets, liaison with international journalists and the travel trade and in-country sales missions. In 2011, the State closed its tourism office and the private non-profit organization Washington Tourism Alliance (WTA) was established in its place.

The budget for this Commission action is included in the 2014 budget and is not a new item; partnership funding has been in the tourism budget for many years. This action would allow the Port to enter into a contract with Washington Tourism Alliance for provision of tourism promotion services. The WTA has minimal staff, so will in turn need to contract for the services with Visit Seattle, which has the required depth and breadth of staff and resources to complete the work. Once WTA makes payment to Visit Seattle for these services, matching funds from the State of Washington will be initiated, thereby leveraging the Port dollars up to 100%.

**BACKGROUND**

The Port has a vested interest in international tourism, as it continues to build, lease and operate important tourism infrastructure such as cruise ship terminals, the airport, marinas and an international conference center. Investment in inbound international tourism promotion results in the further success and profitability of Port infrastructure. International travel at Sea-Tac

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Airport last year increased 8%, while overall growth in passengers was just 1%. Visitors spent \$16.9 billion in this state in 2012, supported 153,000 jobs, and brought in over \$1 billion in local and state tax revenue.

As part of the Century Agenda, the tourism promotion program focuses on increasing the number of international tourists and cruise passengers and encouraging them to stay in the city, county and state before or after their cruise.

For the months of January through September, the International Tourism Development program has had a very successful year. Together with Visit Seattle, we have hosted 68 in-bound familiarization trips from our target markets. Our advertising-equivalency media coverage is more than \$21 million across all markets, at least a 40% increase over 2012. And, our local travel and tourism community has supported our efforts with more than \$500,000 in in-kind contributions, at least a 24% increase over last year.

### **COMPETITION WAIVER**

The proposed contract is subject to Chapter 53.19 RCW, which requires “open competition for all personal service contracts entered into by port districts unless specifically exempted under this Chapter [53.19].” Based on our review of statutory obligations, open competition means allowing any interested firm an opportunity to compete for the work by issuing a solicitation and including an advertisement and/or posting the opportunity on the Internet if the value of the contract is over \$200,000. These requirements are incorporated in Port of Seattle CPO-1, Procedures for Personal and Professional Services.

RCW 53.19.020 lists five exemptions from competitive solicitation. The fifth exemption is for “other contracts or classes or groups of contracts exempted from the competitive solicitation process by the Commission when it has been determined that a competitive solicitation process is not appropriate or cost-effective.” Under RCW 53.19.020(5) the Commission must determine that a competitive solicitation process is not appropriate or cost-effective based on the circumstances.

Washington Tourism Alliance is a non-profit organization that is responsible for promoting tourism to Washington. The Port’s international tourism program works to develop and oversee a strategy to bring international visitors to the region and channel these visitors to or through Port facilities. As the only state-wide tourism promotion agency, WTA is uniquely qualified to access the state matching funds to leverage international tourism promotion services to the Port. In addition, access to the WTA 450-plus membership base provides the Port with a direct link between the tourism industry and private partners.

In the State’s biennial budget, Washington Tourism Alliance was granted an appropriation for \$500,000 of the general fund in fiscal year 2014, and the same amount for fiscal year 2015. The funds are appropriated solely for the purposes of purchasing contracted services to expand and promote the tourism industry in the state of Washington. The Commerce Department must contract with Washington Tourism Alliance, and expenditure of state moneys is contingent upon WTA providing a dollar-for-dollar cash or in-kind contribution. The funding is allowed for five

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specific services, and one of those services is “promoting Washington as a tourism destination to national and international markets, with emphasis on markets in Europe and Asia.”

The Port of Seattle Tourism Development group has worked in the tourism area for nearly 30 years, and has knowledge of local entities that are engaged in tourism promotion. The Port has had annual contracts with Visit Seattle for many years for this work. The current Visit Seattle contract expires at the end of 2013. Given the depth and breadth of Visit Seattle staff and programmatic capabilities, WTA will contract with Visit Seattle for international tourism promotion services in meeting the requirements of the Port’s contract. Other tourism promotion organizations are focused on bringing tourists to their local area but do not have the budget to support international tourism efforts.

### **SCOPE OF WORK**

The parties will work jointly to develop a cohesive international tourism promotion strategy in order to plan activities and track the success of programs. In producing this program, public relations representatives in the targeted overseas markets are engaged to provide market intelligence, conduct tourism activities and missions, and report on activities. The overseas countries designated as target markets for the program are: the UK, France, Germany, Japan and China.

Additionally, the Port and WTA will participate in selected trade shows in order to further promote development of new and expanded tour products targeted to international markets.

### ***Budget Status and Source of Funds***

A sum of \$157,000 for this work is included in the 2014 Public Affairs department budget, and is not a new budget line item. The balance for this contract will be in the Public Affairs budget for 2015.

### **STRATEGIES AND OBJECTIVES**

As was presented to the Port Commission in January 2013, The Tourism Development group’s strategy is to “Leverage tourism industry relationships to achieve increased economic impact to the region.” This action will support and further this strategy in re-establishing a statewide tourism development partnership and in leveraging Port dollars.

### **ATTACHMENTS TO THIS REQUEST**

None.

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- January 8, 2013—Tourism Development briefing.
- October 8, 2013—Tourism program budget briefing.