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COMMISSION

AGENDA MEMORANDUM Item No. 8i

ACTION ITEM Date of Meeting February 13, 2024

DATE : January 24, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Nick Leonti, Director Tourism Development

Dave McFadden, Managing Director Economic Development Division

SUBJECT: 2024/25 Tourism Marketing Support Program Authorization

Amount of this request: \$600,000

Total estimated project cost: \$600,000

ACTION REQUESTED

Request Commission authorization of the 2024/25 Tourism marketing grant program (TMSP) and authority for the Executive Director to approve execution for all related contract agreements for the 2024/25 selected Tourism Marketing Support Program recipients in an amount not to exceed \$600,000.

EXECUTIVE SUMMARY

The 2024/25 Tourism Marketing Support Program will bring refinements to the long-running program in order to further Port priorities, create greater equity for applicants, and drive increased visitation in a responsible way to the region. For 2024/2025, \$600,000 has been allotted for the program in the budget. The source of funds is the Port property tax levy. Previously, the program was allotted \$200,000 for one year, the updated plan provides \$600,000 over two years.

The Port of Seattle's co-operative tourism marketing support program boosts the economic value of tourism across the state. This program has been effective in promoting Washington State and the use of Port facilities. The program is initially offered up to \$10,000 (2:1 match) to non-profit destination marketing organizations (DMOs), attractions, cities, counties, and chambers of commerce which can effectively market their destination to non-resident visitors traveling to our state. Updates for 2024/25 increase the maximum award to \$20,000 to compensate for increased costs and to bring greater impact from approved programs.

Throughout 2023, the Tourism Department engaged with current, former and potential TMSP grant recipients to gather feedback about their experience with the program. In general, TMSP is

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a very well-received program, but some challenges were identified, especially from smaller organizations. These obstacles included:

- Inflation and increased costs have lessened the impact of received funds
- Short window to execute marketing plans (April-Nov) eliminated shoulder seasons and limited scope of projects
- Evaluation scorecard did not clearly reflect Port's DEI and sustainability priorities
- Focus on "new" programs as opposed to enhancing existing programs created more work and lessened impact of successful programs
- Low match contribution levels allowed for admin of approved projects impacted smaller organizations' ability to participate
- Notification of the program and the application window were short

The refinements for 2024/25 address these concerns and update the program to meet the needs of the Port's tourism partners.

The grant funds are used for advertising, publicizing, promoting events or conducting research to attract visitors. Marketing efforts for the Tourism Marketing Support Program include promoting our natural scenic beauty, outdoor recreation, cultural attractions, online digital marketing campaigns, promotion of Washington's growing wine and craft brewery industry, and engaging with tour operators and travel media.

2024/25 will also introduce a second tier of grants at a \$10,000 level aimed at smaller, cultural organizations that may not have the resources to participate in the larger Tier 1 grant program.

The Tier 2 grants will have increased flexibility regarding match requirements and provide

additional informational sessions throughout the application process.

Two-Tiers of Grants

Tier 1 - \$20,000 maximum

- 2:1 match requirement

- Open to all applicants

Tier 2 - \$10,000 maximum

- Designed for small, culturally-focused organizations

- 2:1 match requirement

- 50% of actual funds can be staff time/admin

Applications are reviewed by committee and given a score out of 100pts. All proposed projects will be evaluated for how they address equitable, sustainable and responsible tourism. As part of the Port's efforts to address equity, diversity and inclusion, adjustments to the scoring system have put even more emphasis on these Port priorities.

The updated evaluation will be:

OVERALL IMPACT OF PROJECT: 40pts

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DIVERSITY, EQUITY and INCLUSION IMPACT: 20pts

ENVIRONMENTAL IMPACTS: 20pts

SHOULDER SEASON IMPACT: 20pts

Marketing, promotion, and outreach plans include:

- Communicating to an ever-growing data base of over 300 different organizations via email. The data base includes a roster of over 130 cities, chambers, and destination organizations, 24 cultural and ethnic attractions, 17 outdoor recreational organizations and 35 tribal contacts.

- Prominent positioning of the grant program application process information, together with video testimonials from previous recipients, will be available on the Tourism Development section of the Port's external website.

- Conducting two virtual Information Sessions which is open to all registered attendees and Q&A sessions to further address any issues.

- Speaking at various organization meetings, one-on-one meetings with destination marketing organizations, chambers, city officials, and nonprofit organizations.

- Direct contact via phone and email. Drawing from past emails and our data base of contacts over the course of the year, calls will continue to be made to potential applicants encouraging their participation.

RESPONSIBLE TOURISM FOCUS

All applicants will be encouraged to draw inspiration for the marketing projects from the Responsible Travel Handbook that the Port produced in 2023 to act as a foundation for all of Washington's tourism industry to increase its positive impact on local communities.

Schedule

February 2024 – Application window opens

Feb/March 2024 – Educational sessions held

End of March 2024 – Application window closes

April 2024 – Evaluation Panel Meets/Recipients Selected

April-June 2024 – Contracts executed and projects begin

June 2024 – Projects start

June 2024-Sep. 2025 – Check-ins, support and progress reports

Dec. 2025 – Final Reports Due (some may be due earlier as per contract)

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not provide the Tourism Marketing Support Program for 2024/25.

Cost Implications: \$0.

Pros:

(1) Reduces specific budget request by \$600,000 for 2024/25.

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Cons:

(1) Elimination of the program would impact small tourism organizations and industry

partners whose marketing and promotion budgets are limited for reaching out of state visitors.

(2) Because the TMSP program focus is to increase air traffic through SEA International Airport as a primary gateway for all of Washington state, the cancellation of the program will negatively affect leisure travel and visitor spending.

This is not the recommended alternative.

Alternative 2 – Offer the TMSP Program for 2024/25

Cost Implications: \$600,000 over two years

Pros:

(1) The TMSP program assists and demonstrates the Port of Seattle's intention to work with a diverse range of organizations and industry partners.

(2) Because the TMSP program requires a two-to-one matching contribution, the \$600,000 positively impacts tourism and visitor marketing throughout Washington State with a minimum of \$900,000 in total marketing promotional efforts. In previous years the actual match fund levels exceeded the two-to-one match requirement.

(3) This program will positively affect leisure travel by increasing non-resident visitor arrivals via SEA International Airport.

This is the recommended alternative.

#### ATTACHMENTS TO THIS REQUEST

(1) Presentation Slides

#### PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 24, 2023 – Commission approved \$200,000 for all contract agreements for the 2023 Tourism Marketing Support Program

December 15, 2020 – Commissioners authorized the Executive Director to approve execution of all contract agreements for the 2021 Tourism Marketing Support Program

December 10, 2019 - Commissioners authorized the Executive Director to execute contract agreements for the 2020 Tourism Marketing Support Program in the not-to-exceed amount of \$200,000

July 23, 2019 – Commissioners were briefed on the Tourism Marketing Support Program

January 30, 2018 – The Commission was briefed on the results of the 2017 Tourism Marketing Support Program

January 17, 2017 – The Commission was briefed on the results of the 2016 Tourism Marketing Support Program

November 22, 2016 – The Commission approved the final 2017 budget, including \$150,000 for the Tourism Marketing Support program.

May 17, 2016 – The Commission was briefed on 2016 results of the inaugural year of the grant program

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