

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b

Date of Meeting January 13, 2009

DATE: January 8, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Jane L. Kilburn, Director Public Affairs

SUBJECT: Marketing Agreement with the Seattle's Convention and Visitors Bureau

REQUESTED ACTION

Request the Port Commission to authorize the Chief Executive Officer 1) to execute and administer a sole source one-year Marketing Agreement with the Seattle's Convention and Visitors Bureau at a cost not to exceed \$225,031 in 2009, and 2) to authorize the Chief Executive Officer to renew the Marketing Agreement for three one-year periods for a total estimated cost not-to-exceed amount of \$900,124.

SYNOPSIS

This memo requests authorization for the Chief Executive officer to execute and administer a sole source one-year to Marketing Agreement with the Seattle Convention & Visitors Bureau (SCVB) with three one-year options to renew. The Legal Department has determined that this agreement is not a personal service agreement and may be presented as a sole source contract without the need for an exception to the requirements of RCW 53.19. SCVB is uniquely positioned to carry out the marketing required by the Port and is the foundation for all aspects of Seattle's and regional international tourism sales and media development. It is a key link to the private sector in developing and implementing international tourism programs in key markets. SCVB is instrumental in coordinating the sales and marketing objectives of a partnership, comprised of the SCVB, the Port of Seattle (POS), and Washington State Tourism (WST). During the past 25 years, the SCVB has been instrumental in interviewing and procuring third party representation in Japan, France, and China and has executed marketing and sales strategies in those cities. SCVB is a paying member of the partnership and also acts as a contractor in performing duties outlined in the scope of work.

BACKGROUND AND JUSTIFICATION FOR SOLE SOURCE CONTRACT

SCVB is a non-profit economic development agency which is responsible for competitively marketing Seattle and King County as a destination for all types of tourism. SCVB develops and implements a broad range of marketing programs designed to increase domestic and international

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travel to Seattle and King County. It is the only entity in the region equipped to provide the level of service required by the Port to develop and manage our international tourism programs. The Port's international tourism program works in partnership with the SCVB and WST to develop and oversee a strategy to bring international visitors to the region and channel these visitors to or through Port facilities (the airport, the cruise terminals, the international conference center, etc.).

Utilizing SCVB's 1,000 plus membership base provides the Port with a direct link between the tourism industry and private partners. The partnership includes private sector companies committed to international tourism. Promotional efforts for the Port focus on five overseas tourism markets with the most potential benefit to the region: Japan, United Kingdom, France, Germany and China. The Port benefits from SCVB's marketing programs by gaining direct access to the international visitor market and to SCVB's expertise in the tourism sector.

The tourism program works cooperatively with the SCVB and WST to develop and implement cohesive tourism strategies in all markets as well as to track success. Building awareness and firmly establishing our region as a strongly desired destination for all markets is the core component of our joint strategy.

SCOPE OF WORK

The scope of work that SCVB will perform includes the following: supervision of joint tourism efforts by the partnership in France, Japan and China; participation and support of the partnership's programs in the United Kingdom and Germany. In addition, SCVB will provide assistance and promotional support in the continued effort to publicize Seattle as a cruise destination in both domestic and international markets. The SCVB will provide tourism expertise and act as a liaison to private and public sectors in generating support for agreed upon programs.

SIGNIFICANCE OF INTERNATIONAL TOURISM – Why should the Port be involved?

The Port has a vested interest in international tourism. The Port continues to build, lease, and operate important tourism infrastructure, such as cruise ship terminals, the airport and an international conference center. Investment in inbound international tourism promotion results in the further success and profitability of the Port's infrastructure.

In addition, the Port is part of a larger state and local community with its own international tourism interests (hotels, attractions, restaurants, and other communities in the State). The Port is an essential catalyst for these other entities. Our role is to bring together the State and other interested parties and to facilitate the efforts of others into a cohesive international tourism effort for our region. Among the most important reasons for a strong international tourism efforts are:

- International tourism creates jobs, locally and regionally.
- International tourism creates tax revenues.

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- Tourism is the fastest growing industry in the United States and it provides for new job opportunities.
- Contrary to popular belief, not all tourism jobs are low-paying. There are many family wage earning jobs in the industry. Tourism is the great incubator for entrepreneurs, ranging from wine vintners (almost 600 wineries now in Washington State) to hotel owners, to small shop owners. The industry provides entry level jobs as well as career paths to top management.

STRATEGIC OBJECTIVES

International tourism supports the Port's strategic objective of developing economic opportunities in the region. Travel and tourism is one of the largest industries in Washington State in terms of revenues. Travel spending in the state was \$14.8 billion in 2007, a 7.1 percent increase over 2006. Travel spending generated 149,800 jobs with earnings of \$4.2 billion in 2007. Earnings increased by 5.3 percent over 2006 and employment increased by 2.2 percent. Travel spending generated \$973 million in state and local taxes which represents a 6.7 percent increase over 2006. Visitor spending in King County accounted for 43 percent of all visitors spending in the state in 2007.

FINANCIAL IMPLICATIONS

The requested \$225,031 for 2009 is included in the approved 2009 Public Affairs budget; this amount represents a reduction of \$9,669 from the 2008 budget. The total estimated cost of this Marketing Agreement between 2009 – 1212 if all three options are exercised is \$900,124.