



**COMMISSION**  
**AGENDA MEMORANDUM**

**Item No.**

8a

**ACTION ITEM**

**Date of Meeting**

July 28, 2020

**DATE:** July 10, 2020  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Dave McFadden, Managing Director, Economic Development Division  
Ron Peck, Director, Tourism Development Department  
**SUBJECT:** Tourism Recovery Initiative Supporting Region's Economic Vitality

**Amount of this request:** \$1.5 Million  
**Total estimated project cost:** \$1.5 Million

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a \$1.5 million joint marketing agreement with Washington Tourism Alliance (WTA), a non-profit agency, to promote tourism recovery. This agreement, funded by the Port property tax levy, will help regenerate travel to Seattle and Washington state in the U.S.A. and Canada for a period of up to 15 months. Staff is also requesting that the commission determine a competitive process is not appropriate or cost effective and exempt this contract from a competitive process consistent with RCW 53.19.020.

**EXECUTIVE SUMMARY**

The visitor industry is a vital and significant segment of King County and Washington state's economy, as well being important to the Port of Seattle, because SEA International airport is the primary gateway for air visitation for our state.

Washington State has experienced a dramatic decline in tourism in 2020 due to the global pandemic. COVID-19 has acutely damaged employment in Washington State's travel sector. Through the end of April, job losses within the leisure and hospitality sector represented 42 percent of all job losses in the state. From March 1 through May 23, hotel room revenue declined by 72 percent. For the week ending June 28, 2020, traffic at SEA International Airport averaged 15,500 passengers through TSA (a 75% reduction over 2019).

To rebuild tourism and generate consumer confidence around travel, the Port will partner with the WTA to implement a multifaceted marketing program over the next 15 months. These initiatives will aid in

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revitalizing tourism throughout Washington State and will positively impact the Port of Seattle (POS) as the primary air gateway for all of Washington.

### **BACKGROUND**

A report commissioned by the WTA highlights the industry's significant economic impacts:

- Logged double-digit growth during the past five years, generating \$10.9 billion in direct state GDP in 2019 alone.
- Travel and tourism support 5.1% of all jobs in Washington.
- Before the industry's near total shut down in 2020 due to COVID-19, visitor volume increased by 2.0 percent last year to a total of 110 million visitors.
- On average, visitors spent \$60 million per day in Washington State last year.
- State and local taxes, generated by direct visitor spending, tallied nearly \$2.4 billion in 2019.
- Each household in Washington would need to be taxed an additional \$1,065 to replace the visitor taxes received by state and local governments last year

The Coronavirus pandemic has had a debilitating effect on Washington's tourism economy. Specifically:

- April Job losses in leisure and hospitality represented 42% of all lost employment
- March 01 – May 31, traveler spending declined by \$3.8B over 2019
- June 28 weekly SEA airport volume average 15,500, down 75%
- June 28 weekly King County hotel revenue down 78.3%, hotel occupancy - average 31.9%

Supporting the revitalization of tourism throughout Washington State will enhance economic renewal and will positively impact the Port of Seattle as the primary air gateway for all of Washington. WTA is the official destination marketing organization (DMO) for Washington State and is charged with stimulating economic impact via a statewide marketing program. Working in collaboration with WTA to increase visitor expenditures throughout Washington state will positively impact the Port of Seattle's travel assets, bring important travel service and hospitality jobs back and aid in bringing this important sector of Washington State's economy out of the doldrums.

A travel industry paradigm shift has and will impact tourism on a national and regional level. Tourism marketing research and travel studies reflect that as a result of the Covid-19 pandemic, "local drive markets" or traveling within home state areas will return quicker followed gradually by domestic air travel. Until perceived safety and health protocols in place, slower rebounding segments of the travel economy will be international air traffic and the cruise industry.

The goal of this agreement is to work collaboratively and maximize travel volume to Washington state that improves economic impact, tax revenue and support industry jobs.

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Objectives include:

- Increase year-over-year travel volume to Washington by 50 percent; expenditures and tax contributions by 40 percent; state leisure/hospitality/entertainment sector employment by 40 percent (*April 15, 2021; Tourism Economics reporting; DOL jobs report*)
- Increase SEA year-over-year passenger volume by 60 percent (*April 15, 2021; POS statistics*)
- Solidify consumer confidence in Washington as a relatively safe and accessible travel destination (*February 1, 2021; national consumer sentiment and social listening reports*)
- Create compelling and competitive state brand image for the leisure travel marketplace (*December 2020; launch and reception of WTA brand platform*)
- Increase positive state travel media coverage by 40 percent (*February 2021; circulation and equivalent advertising value*)
- Increase Washington tour product in key through retail systems by 15 percent (*TBD*)
- Operate ongoing, robust destination development program for Washington’s rural, small and sensitive communities (*November 2020 full activation; comprehensive deployment of WTA statewide assessment, outreach and grant program*)

Strategies for implementation include:

- **Promote Diversity, equity and inclusion.** Through all marketing and communication programs, foster the social and cultural benefits of travel: understanding and respect between people and cultures, human rights, and justice for all.
- **Implement near-term in-state marketing campaigns.** Stimulate in-state travel in accordance with phase 2 guidelines/restrictions, and while consumer sentiment favors short trips and auto travel
- **Focus on North American air markets.** Allocate majority of marketing investment on U.S./Canada air markets and Northwest drive/feeder markets as non-essential travel restrictions ease
- **Effectively brand the destination.** Create a compelling leisure travel brand and platform for all marketing programs.
- **Promote public health guidelines.** Work in concert with public health and policymakers to ensure safe and responsible travel while advocating for clear travel guidelines and resumption of safe and sanctioned travel activity.
- **Get America traveling again.** Promote consumer confidence through industry coalitions and campaigns. Help re-define the endeavor of travel: essential; responsible; safe; common bond of people, cultures and understanding; part of the American dream.
- **Bolster the state’s travel and tourism industry.** Stabilize the industry through federal and state advocacy, destination development, crisis planning, business mitigation, and industry education and mobilization.
- **Market the geographic diversity of Washington.** Focus marketing programs on the wealth of state destinations and experiences from east to west, rural to urban; according to WTA’s charter, target rural and underserved communities, outdoor adventure, recreation, public lands and waters.

The proposed POS – WTA Tourism Marketing Recovery Program that includes objectives, strategies, program elements and deliverables is also included in this memo as an attachment.

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**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** Do not propose an agreement with WTA.

**Pros:**

- Reduces specific budget request by up to \$1,500,000 a year.

**Cons:**

- It would eliminate the possibility of leveraging the collaborative efforts with WTA reenergize travel and tourism to Washington state. I
- It would erode the Port’s leading role as a tourism advocate and economic asset for our region
  
- This is **not** the recommended alternative.

**Alternative 2)** - Work with WTA to implement a tourism promotion plan will increase visitor travel and positively impact SEA International airport as the major gateway for Washington. Total dollar amount, \$1.5 million.

**Pros:**

- No other organization has the ability, breadth or capability to deliver a national tourism marketing project for all of Washington state.
- By aligning with WTA, the POS will be leveraging both organizations funding which will allow for a stronger marketing plan
- WTA and POS are currently working collaboratively on a number of marketing projects (SEA airport spotlight advertising, tourism grants, travel trade shows) and this project will be an effective continuation of cooperatively bringing additional tourism dollars to Washington.

**Cons:**

- Not applicable as no other organization has the ability, breadth or capability to deliver a national tourism marketing project for all of Washington state.

***This is the recommended alternative.***

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**FINANCIAL IMPLICATIONS \$1.5 Million**

***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
<b>COST ESTIMATE</b>		\$1,500,000	\$1,500,000
Original estimate	\$0	\$0	\$0
<b>AUTHORIZATION</b>			
Previous authorizations	0	0	0
Current request for authorization	0	0	0
Total authorizations, including this request	0	0	0
Remaining amount to be authorized	\$0	\$1,500,000	\$1,500,000

Funding for this initiative will come from the Port of Seattle property tax levy.

**ATTACHMENTS TO THIS REQUEST**

- 1) Attached POS – WTA Proposed Plan
- 2) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

June 23, 2020, Commission Meeting. Motion 2020-17 was approved and included \$1.5 million to support tourism promotion vital to the Port’s economic sustainability and the region’s economic vitality.