



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6c

**ACTION ITEM**

**Date of Meeting** January 8, 2019

**DATE:** December 13, 2018  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Dave McFadden, Managing Director, Economic Development Division  
Ron Peck, Director, Tourism Development Department  
**SUBJECT:** Tourism CAT III Joint Marketing Agreement with Visit Seattle

**Total contract request:** \$600,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a joint marketing agreement with Visit Seattle, a non-profit agency, to promote international tourism to Seattle and Washington state in China, Japan, Korea, France, Germany, Australia/New Zealand, and the United Kingdom/Ireland for one year with three additional one year options at the rate of \$150,000 per year for a total not to exceed \$600,000 and 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**

Prior to 2011, Visit Seattle, the Port of Seattle and the Washington State Office of Tourism worked in partnership to promote our destination. When the state tourism office closed in 2011, Visit Seattle and the Port committed to further collaboration to promote tourism to Seattle and Washington State in key international markets. During the previous eight years, Visit Seattle was the only agency responsible for competitively marketing Seattle and King County as a destination in selected research based international countries with visitor growth potential. This contract will support and provide continuity for the Port's international tourism program which began over 33 years ago.

Most recently, staff conducted market research and confirmed Visit Seattle continues to be the only agency with the funding and capability to market promotion services to the Port. At this time, no other destination marketing organization (DMO) has the staffing, breadth of members or scope that will allow us to work in partnership to promote international tourists to this area. Other DMOs are relatively small and are focused on promoting visitors to their local area but do not have the budget or staff to support overseas tourism efforts. It is the only organization that has the funds and capability to provide international tourism marketing, sales and promotion services in concert with the Port. Visit Seattle provides unique skills and knowledge required by this agreement such as knowledge of international markets, which complements

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and augments that which the Port possesses. The Port executed a sole source waiver (October 14, 2015) for a previous scope of services similar to this request.

Both organizations have initiated projects that have engaged airlines, fellow destination marketing organizations (DMO's), lodging, restaurants and attractions around the state who have contributed substantially to the programs. In fact, the organizations combined in-kind contributions will exceed \$1 million in 2018. This level of involvement from colleagues across the state demonstrates considerable support for both the Port of Seattle's and Visit Seattle's international tourism promotional efforts.

Beginning January 1, 2019, Visit Seattle will market and promote Seattle and Washington State in the United Kingdom (UK) and Ireland. Black Diamond, a company that provides representation services for several US destinations in the UK and Ireland, will serve as Visit Seattle's agency of record. This program will be in addition to existing Visit Seattle efforts in China, Japan, South Korea, Germany, France, and Australia/New Zealand, where their international tourism team works with in-market representation agencies based in each country.

The Port of Seattle's Tourism Development team will remain active (including cruise-focused representation) in the UK and selected overseas markets that have been identified as having continued potential for cruise and stay travel to Washington state and cruising to Alaska. Our efforts will focus on increasing the number of international cruise passengers and developing pre and post cruise extension programs. In 2019, the Port of Seattle expects to welcome 1.2 million cruise passengers traveling between Seattle and Alaska with international travelers representing 10% of the market.

The agreement will incorporate a cooperative arrangement and commitment to efficient and effective collaboration. The Port of Seattle is committed to encouraging international cruise travelers to lengthen their stay and explore our destination as well as working in a collaborative manner with Visit Seattle to effectively and efficiently promote and increase overall international visitation and expenditures in the Pacific Northwest.

### **JUSTIFICATION**

In alignment with Century Agenda Strategy 2: Advance this region as leading tourism destination and business gateway.

#### **Objectives:**

6. Make Seattle-Tacoma International Airport the west coast "Gateway of Choice for international travel.
7. Double the number of international flights and destinations.

The agreement and project is in alignment with the POS Regional Initiative to:

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- Make Washington a preferred destination for international travelers from countries which we have direct flights.

### **Scope of Work**

#### **A. Strategy and Communications**

The Port and Visit Seattle agree to work cooperatively and jointly to market Seattle and Washington State as a destination for international travelers. The Port and Visit Seattle agree to work and coordinate efforts in order to achieve maximum possible benefits from the respective resources invested in this tourism promotion program. The entities are collectively referred to as the "Partnership."

Visit Seattle and the Port will conduct annual and mid-year strategy meetings to discuss marketing initiatives, special projects and outbound travel plans. Meetings will be held on mutually agreeable dates.

Primary contacts from each partner organization will establish a transparent process of communication and collaboration. Briefing meetings will be held monthly to ensure all potential collaborative actions are addressed.

Visit Seattle will provide monthly executive summaries and marketing activity reports for Japan, China, Korea, Germany, France, Australia/New Zealand and UK/Ireland.

#### **B. Overseas Representation**

Visit Seattle will manage and execute activities as it relates to the following markets: Japan, China, Korea, Germany, France and Australia/New Zealand and UK/Ireland. The 2019 objectives will be to increase generated media coverage a minimum of five percent, and increase the tour products offered in the markets by a minimum of five percent. Visit Seattle will interview, hire and manage the in-market representatives for Japan, China, Korea, Germany, France and Australia/New Zealand and UK/Ireland. This includes full payment of in-market rep fees. All communication and collaboration between these in-market reps and destination is led by Visit Seattle.

The Port will have the ability to utilize representation firms in key markets (Japan, China, Korea, Germany, France and Australia/New Zealand) for additional efforts such as tradeshow and in-market projects as they determine, at their own expense and with prior consultation with Visit Seattle.

#### **C. Inbound/Outbound Activity**

Visit Seattle will maintain the inbound hosting and outbound travel calendar which will be shared real-time with the Port. Specific itineraries developed for inbound familiarization trips from all markets will available on a shared folder.

The Port has the opportunity to join Visit Seattle familiarization trips as desired with prior

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notice and Visit Seattle has the opportunity to join Port of Seattle familiarization trips as desired with prior notice.

The Port will serve as the lead partner in Alaska cruises from Seattle to Alaska, cruise and stay focused initiatives and all cruise-related inbound familiarization trips from our target markets.

The Port and Visit Seattle logos will be included in outbound sales PowerPoint presentations and communications with mutually agreeable content. Both logos also will be placed on all inbound familiarization trip itineraries.

### D. Trade Show Participation

Visit Seattle will serve as administrative manager for selected partnership supported international and domestic tradeshow and sales trips or missions, which could include but are not limited to WTM. The Port will serve as administrative manager for Cruise 360. Each partner will pay for their own travel expenses.

It is agreed that the following specific projects will be included in the 2019 Scope of Work:

- Collaboration and participation in the Aer Lingus / Ireland Travel Trade Road Show in February 2019. The intent of the program will be to educate, inform and raise the awareness to the Irish travel trade and media about:
  - Seattle/Washington state as great destinations
  - Seattle to Alaska cruising
  - Cruise and Stay opportunities in the PNW
  - Promotion and features / benefits of Aer Lingus direct air service
- Develop and place ads in travel trade publications and/or online mediums in China to accomplish the following:
  - Educate and inform China travel trade and travel media about:
    - Seattle/Washington state as great destinations
    - Seattle to Alaska cruising
    - Cruise and Stay opportunities in the PNW
    - Promotion of direct China – Seattle air service
- Develop and place ads in travel trade publications and/or online mediums in Australia to accomplish the following:
  - Educate and inform Australia travel trade and travel media about:
    - Seattle/Washington state as great destinations
    - Seattle to Alaska cruising
    - Cruise and Stay opportunities in the PNW
- Work collaboratively to ensure that the China Travel Summit in September 2019 is successful in increasing tourism travel from China to Seattle and the Pacific Northwest.

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- Port of Seattle to be identified as a co-sponsor

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** -Do not propose an agreement with Visit Seattle.

**Pros:**

- Reduces specific budget request by up to \$150,000 a year, which could be used for other types of tourism promotion.

**Cons:**

- The PNW, Washington and Seattle recognized as a “hot” destination in the international tourism marketplace. Not promoting and marketing Seattle will do harm to the destination’s momentum and ability to increase the number and economic value of the international travelers.
- It would eliminate the possibility of leveraging the good will and successful promotions over the past few years with Visit Seattle, erode the support of tour operators selling the PNW and limit consumer awareness for our destination.
- It would erode the Port’s leading role as a tourism advocate and economic asset for our region.

**Alternative 2)** - Request Authorization for a continued Visit Seattle / Port of Seattle international tourism agreement for up to four years at an estimated cost not to exceed \$600,000

**Pros:**

- This new agreement will reinforce the Port of Seattle’s commitment to increasing the economic value and numbers of international travelers experiencing Seattle and Washington State in concert with Visit Seattle.
- This agreement will maintain and grow the momentum in these markets and provide funding for targeted promotions, media familiarization programs and trade familiarization programs. It will provide a platform for pro-active planning to grow international visitation to Seattle and Washington State.

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

**FINANCIAL IMPLICATIONS**

***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$0	\$600,000	\$600,000
<b>AUTHORIZATION</b>			
Previous authorizations	0	0	0
Current request for authorization	0	0	0
Total authorizations, including this request	0	0	0

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Remaining amount to be authorized	\$0	\$0	\$0
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***Annual Budget Status and Source of Funds***

Annual budget request is for \$150,000. The source of funds is the King County tax levy.

***Financial Analysis and Summary***

Project cost for analysis	0
Business Unit (BU)	EDD
Effect on business performance (NOI after depreciation)	
IRR/NPV (if relevant)	
CPE Impact	

**ATTACHMENTS TO THIS BRIEFING**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

November 10, 2015 – ACTION:

The commission gave authorization for the Chief Executive Officer to execute a contract with Visit Seattle to promote tourism travel to Seattle and Washington State, for a cost not to exceed \$640,000 over four years, including a one year base and three one-year options.