



MEMORANDUM

DATE: November 2, 2023

TO: Tony Konkol, City Manager

FROM: James Graham, Economic Development Manager

SUBJECT: Establishing a Destination Management Organization (DMO) and Recommendations

I. INTRODUCTION

A. What is destination management?

Destination management is the coordinated and thoughtful planning of all elements that make up a tourism destination. This can involve anything from attracting visitors to providing amenities for them to enjoy during their stay in a community.

B. What is a destination management organization (DMO)?

A destination management organization (DMO) represents the voice of its destination to potential visitors. It works with travel trade partners to provide travelers with information about the destination before they decide where to go on vacation.

DMOs also bring together organizations that serve all aspects of the visitor experience – from lodging providers, attractions operators, restaurants, and retailers – so that they can share insights into what makes their community stand out as a tourist destination. It is usually comprised of a board of directors, an executive, and staff that provide marketing support to the tourism industry overall within the community. DMOs can provide funding support to events, conferences, education/training to for-profit and non-profit public-facing organizations and staff.

Destinations with a strong DMO will be more competitive, have increased visibility, and have better economic performance than those without one. This careful planning ensures strategic, long-term success of a tourist destination. This in-depth coordination moves beyond marketing and is the reason why the DMO has been more recently referred to as management instead of marketing.

C. What is destination marketing?

Destination marketing is a type of marketing that promotes a specific location and its benefits to potential travelers. The goal of destination marketing is to increase awareness of the target destination, create a positive image in the target audience, and ultimately, bring new visitors and dollars to the community.

D. What is a destination marketing organization (DMO)?

A destination marketing organization is an entity that promotes a location. They primarily exist to provide information to leisure travelers and promote the development of a destination, focusing on convention sales, tourism marketing, and services.

II. DMOs LANDSCAPE IN THE REGION

The State of Oregon is divided into seven (7) regions. Each region has one destination management organization to act as its Regional Destination Management Organization (RDMO).

Most DMO are either chambers of commerce or visitation centers. Also, the actual activities of most DMOs interchange between being a destination management organization and/or a destination marketing organization. Few behave solely as one or the other.

There are 16 DMOs in the Portland Region. Most of these are chambers of commerce with the exception of Columbia County Economic Team, the Affiliated Tribes of Northwest Indians Tourism Center, the Oregon City Regional Visitor Information Center, Oregon's Mt. Hood Territory and Tualatin Valley/Washington County Visitors Association.

III. PURPOSE OF THIS MEMORANDUM

This memorandum is designed to aid discussions about establishing a Destination Management Organization for Oregon City. It is not the intent of the economic development staff to, on its own, develop a destination management organization and then contract with it. It is the staff's hope to work with or assist a group or committee to prescribe an organizational framework for a DMO focusing on its mission, goals, objectives, and performance metrics. It is expected that those charged with operating the destination management organization ("DMO") on a daily basis, would be responsible for implementing strategies and establishing performance metrics for the new entity. Of course, the DMO would be informed by today's best practices and function more like a business.

III. GOAL:

To reassign the City's tourism program/management from under the auspices of Oregon City Municipal Government to a separate contractor, not directly affiliated with the City of Oregon City except through a contractual agreement.

VI. OBJECTIVES:

To identify an existing Oregon City community based private nonprofit organization that will operate and administer a tourism-related program within the legal boundaries of Oregon City under an agreement with Oregon City Municipal Government.

OR

To identify professional and experienced individual(s) in the development of a modern and innovative DMO under an agreement with Oregon City Municipal Government and charged with spearheading the implementation of a local tourism strategy engaging all aspects of the visitor experience from lodging providers, attractions operators, restaurants, and retailers.

V. OVERALL STRATEGY

To establish a contractual agreement with an Oregon City community based public nonprofit organization utilizing the local Transient Lodging Tax to pay for tourism-related programming and activities.

VI. BACKGROUND

In 2018, the City of Oregon City Commission approved the Oregon City Tourism Strategic Plan. A tourism stakeholder group was established, comprised primarily of nonprofit participants. Many of the participants in the stakeholder group had been involved in the creation of the tourism strategic plan, which had stalled out due to a lack of staffing until September 2019.

The Oregon City Tourism Stakeholder Table first convened in January 2020 and met monthly during the first 8 months of 2020, initially in person, followed by a pivot to virtual meetings as our community and country grappled with the COVID-19. In February of 2020, the new economic development manager held an in-person stakeholder group meeting to discuss the existing tourism strategic plan and how to implement it. On March 23, 2020, Governor Kate Brown issued an Executive Order asking all Oregonians to stay home due to the spread of COVID-19.

In the winter of 2020, deliberate steps to execute this plan began. City staff broadened representation on the tourism stakeholder group to include for-profit visitor-facing businesses as well as more nonprofit organizations. To help facilitate the tourism stakeholder group meetings, the City hired Destination Management Advisors to help facilitate the tourism stakeholder group meetings and provide technical support as the group began to develop specific programs to fulfill the goals and objectives of the tourism strategic plan.

A. The Pandemic

The COVID-19 Pandemic had negatively impacted many industries, institutions, and agencies all over the country. It had greatly challenged the operational profitability of virtually every industry in the United States including nonprofit and for-profit entities in Oregon City. The pandemic had especially hurt the tourism industry, including private nonprofits that support tourism. The restaurant industry had faced its own market challenges including the lack of customer confidence to frequent these establishments, and the inability to garner the level of income to maintain operations over the long term.

The Economic Development Department of Oregon City developed the Oregon City Debt Relief Program to reduce existing debt pressures on small businesses adversely impacted by COVID-19. Grant awards were sent directly to the creditors of the business applicants. On April 27, 2020, Oregon City Commissioners approved this initiative and agreed to provide \$200,000 from the City's General Fund to capitalize the program. Applications and program information were in English and Spanish. On May 4, 2020, the application process began awarding 78 businesses. Applicants could receive up to \$4,000. A total of \$183,000 in grant funding was awarded.

Regrettably, the Economic Development Department could only support a very limited number of businesses due to limited available funds. Further, it is recognized that the program will not make up for all the financial loss experienced by the business grantees. Hence, Oregon City Debt Relief (Round 2). In June of 2020, Business Oregon engaged the Oregon City's Economic Development Department to administer yet another debt relief initiative. The State of Oregon awarded Oregon City \$35,000 in grant funding to distribute to the local struggling small business community. Oregon City deployed the funds to 14 eligible applicants who received \$2,500 each.

Therefore, on September 19, 2020, the Economic Development Department sought and was approved to utilize \$350,000 of funding provided through CARES ACT. The department decided with City Commissioners approval to split the use of the funds between yet another debt relief initiative (grants) and the new Re-Imagine Opportunity Fund (forgivable loans) to help restaurants, tourism-facing businesses, and private nonprofits to establish new processes or to purchase technological innovation to be more resilient and agile going forward. Staff deployed \$108,609.28 in debt relief funds to 32 eligible small businesses within Oregon City and distributed \$240,296.00 in Re-Imagine Opportunity Funds to 12 eligible applicants.

B. Destination Ready

During the fall/winter of 2021, the Destination Ready strategy was launched to help prepare Oregon City's Tourism industry to greet its guests during a period of reduced COVID-19 restrictions. It was during this period when guests of Oregon City felt more relaxed about traveling, not only because of the reduced threat, but also due to the nature and scope of the welcome that was communicated by the Oregon City Tourism Industry. The implementation of this strategy represented an ongoing effort to build Oregon City's Tourism Industry.

During the biennium of FY 21 – FY 23, guidelines as to how to navigate the pandemic continued to evolve. Several new initiatives were planned and implemented in direct correlation to the Oregon City Tourism Strategy. These initiatives included the following:

1. The Community Showcase

FY 2021-2023 Budget: \$20,000

Quote from existing Tourism Strategic Plan: *Oregon City needs to ensure the value of tourism is understood by the local community so that the community can get behind these efforts and create an authentic experience.*

During the fall and into the winter of 2020, the City's Economic Development Department implemented this initiative. The program promotes community engagement with Oregon City's tourism-related, public facing nonprofits and for-profit organizations. This initiative consisted of web-based virtual tours of different Oregon City historic sites chosen monthly. Only residents of Oregon City could participate in a quiz based on the virtual tours. Fifty city resident winners were identified monthly and by correctly answering 60% of the quiz questions, residents received a \$40 gift certificate to redeem at 10 local restaurants.

2. The Concierge Institute

FY 2021-2023 Budget: \$100,000

Quote from existing Tourism Strategic Plan: *In order for Oregon City to grow its tourism industry it will need to lead local stakeholders in tourism best practices.*

The Concierge Institute provided training and education courses coordinated through the Oregon City Chamber to several nonprofit public-facing entities. Afterwards, the program participants were asked to be open on a regular schedule so that resources offered would help them build capacity in their respective operations. City staff had numerous conversations with historic houses to discuss their needs. They were offered funding to buy merchandise to sell, and interns to help with giving tours. The historic houses responded that they did not have enough volunteers and/or capacity to even accept what was being offered them.

3. The Arts Treasure Trove

FY 2021-2023 Budget: \$100,000 (\$40,000 for Arts Commission)

Quote from existing Tourism Strategic Plan: *A destination is its people-they make up the culture and the experience the visitor engages with during their visit.*

This initiative is one that engages the arts community of Oregon City in various ways to help improve community aesthetics, encourage tourism, and nurture community identification through the public display of sculptures, paintings, decorative features, horticulture enhancements, music, dance, poetry, historical portrayals, murals, and other forms of artistic expression.

Economic Development Department staff and the Community Development Department along with approval from the City Commission re-established the Oregon City Arts Commission. The first meeting of the Arts was held on October 26, 2021. Staff drafted program guidelines for the Arts Mural initiative. The Arts Commission approved a total of three Art Murals. The first mural approved was on April 12, 2022.

Staff assisted the Arts Commission with developing a grant program to individuals and organizations based in the Oregon City to support the local art community and to strengthen Oregon City's standing as a community that supports art and art-related businesses. The program offered two tiers of funding: an Arts Commission Small Grant, from \$250 - \$2,499, and an Arts Commission Large Grant, from \$2,500 - \$10,000. A grand total of \$35,000 was awarded to a total of eight applicants.

4. City-Sponsored Events

FY 2021-2023 Budget: \$100,000

Quote from existing Tourism Strategic Plan: *Create or leverage regional travel itineraries to drive awareness.*

City-Sponsored Events initiative was a program of the City Commission. Staff drafted program guidelines that were approved by the City Commission. City-Sponsored Public Events are recognized by the City of Oregon City as events that are open to the general public. Generally, such activities should occur on a reoccurring basis; however, the City Commission of Oregon City reserves the right to fund a one-time public event if it is deemed worthy of subsidization.

The City of Oregon City provided grants to non-profit formulated organizations as well as for-profit businesses that produce events that are open and accessible to the general public. Such events require the use of public rights-of-way and/or use of publicly owned facilities. The program offered grants up to 50% of eligible costs with a maximum grand award up to \$20,000. The City approved two nonprofit organizations and one for-profit business, providing a total of \$42,498. A second round of funding was made available, providing up to 60% of eligible cost up to a maximum of \$12,000. Unfortunately, no applicants applied.

5. Attraction and Expansion

The City's Economic Development Department along with other partners will be engaged in activities and methods to attract new tourist-related investments to Oregon City. The primary focus was on businesses that are positioned to enhance visitors' experiences regardless of the season.

6. Other activities

- Established a tourism-related website.
- Conducted marketing and promotion activities utilizing digital and broadcast media.
- Installed banners along the major corridors and arteries of the community.
- Conducted surveys of visitors and residents
- Promoted several for-profit businesses via digital media
- Changed the municipal code for business licensing

REVIEW OF DESTINATION MARKETING/MANAGEMENT		
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Elements	McMinnville, Inc Population: 35,159	Visit Wilsonville Population: 26,298
Date Established	Legal filing June, 2015	Adopted by Council, May, 2014 Legal filing March, 2014 City Tourism Committee established via Charter. "Visit Wilsonville" is registered with the Oregon Secretary of State.
Legal Form of Entity	501(c)(6) non-profit, non-membership organization, titled Visit McMinnville (VM) Private non-profit was created by the City	The Tourism Promotion Committee is a deliberative and recommending body of the Parks and Recreation Department with support from the City Manager's Office.
Purpose	Visit McMinnville, a full-service destination marketing organization (DMO) dedicated to enhancing McMinnville's economy through the promotion of tourism. VM is an economic and tourism development organization with a primary function of creating a effective mix of marketing, sales, and service programs designed to produce a positive economic impact on visitor spending in McMinnville. VM promotes the entire City and works in partnership with all sectors of the visitor industry.	*The Committee oversees implementation of the "Visit Wilsonville" Tourism Development Strategy and is charged specifically to develop a larger Five-Year Action Plan and annual One-Year Implementation Plans to be presented and recommended to City Council for approval. *The Committee makes recommendations to the City Council for tourism- and visitor-related marketing, promotions, expenditures and related programs and services that will result in increased tourism activity, as measured by overnight room stays at local lodging properties. *The Committee makes recommendations to City Council concerning the selection and disbursement of a Tourism Grant Program or other government-related tourism grant program as directed by City Council. *The Committee oversees implementation of the Tourism Promotion and Destination Marketing contract and is charged specifically to develop annually for City Council approval fiscal year plans for a long-term Five-Year Action Plan and annual One-Year Implementation Plan for prioritizing and fulfilling recommendations of the Wilsonville Tourism Development Strategy.
-Board of Directors -Officers	*Seven (7) to nine (9) board members: Chair (voting) Vice Chair (voting) Treasury/Secretary (voting)	*The Committee consists of twelve (12) members, including seven (7) voting members and five (5) non-voting ex-officio members.

-Terms	<p>Two members at large (voting) The executive director (non-voting member) city councilor (non- voting member) city staff (non-voting member)</p> <p>*Three-year terms for voting members (staggered terms)</p> <p>*Annual terms for non-voting members until notice of replacement</p>	<p>*At the first meeting of each fiscal year, the Committee will elect a chair and vice-chair from the voting members.</p> <p>*An appointed City staff person or outside contractor will serve as secretary to keep notes of each public meeting and assist with administrative tasks.</p> <p>* Three-year terms for voting members (staggered terms)</p>
Initial Board of Directors Appointment	<p>*McMinnville City Council by majority vote</p> <p>*City Councilor position - Mayoral appointment with majority vote by Council</p> <p>*City staff position – City Manager</p>	
Subsequent Board Member installation	<p>*Board Chair appoints a nominating Committee from the existing board</p> <p>*Board votes on nominees (voting members only)</p>	The mayor appoints and the City Council confirms Committee members, who serve at the pleasure of the Council.
Qualifications for Board or Committee Membership	<p>*No residency required</p> <p>*No organizational or business affiliation required</p> <p>*No organizational or business location requirement</p> <p>*Majority representation of an industry or organization is prohibited (wine, food, lodging, nonprofits, etc.)</p> <p>*Experience and knowledge of tourism required</p>	<p>*The seven (7) voting members are drawn from the hospitality and tourism industry in the greater Wilsonville area, including representatives of the following stakeholders: Agri-tourism, arts & culture, community events, equestrian tourism, event facility, general retail, lodging, organized sporting events, restaurants, and outdoor recreation and tourism attractions.</p> <p>*The five (5) ex-officio positions are a City Councilor who also acts as council liaison for the committee; the City's Parks and Recreation Director, or his/her designee; a Wilsonville Chamber of Commerce representative; and two professional staff persons, one each from Clackamas County Tourism and Cultural Affairs Department and Washington County Visitors Association.</p>
HOTELS	<p>-Atticus Hotel -Best Western Hotel</p> <p>-Red Lion & Suites -McMenamins Hotel</p> <p>-Comfort Inn & Suites -Youngberg Hills</p> <p>-McMinnville Inn -Boutique Retreat</p>	<p>-Quality Inn & Suites -Best Western Plus</p> <p>-Quality Inn Wilsonville -Snootzin</p> <p>-Hilton Garden Inn -Motel 6</p> <p>-Best Western</p>
BUDGET	<p>Transient Lodging Tax Rate: 10%</p> <p>Transient Lodging Collection: \$1.7 million</p> <p>Budget: \$1.2 million (70% of TLT) each yr.</p> <p>Total Staff: 4</p>	<p>Transient Lodging Tax Rate: 5%</p> <p>Budget: \$200,000 (FY 2023/2024)</p> <p>Budget: \$200,000 (FY 2024/2025)</p> <p>Total staff: one, works to oversee contract with consultant</p>

	CONTRACT PROVISIONS	
Agreement Structure Term of Contract	<p>Contract with the City of Wilsonville Initial Contract Term -three years Subsequent Contract Term – Automatically renews annually unless either party serves 30-day advance written notice.</p> <p>Must submit an annual business plan. If Council does not approve of the plan the contract ends with proper notice.</p> <p>Private nonprofit was created by the City, sole sourced contract.</p>	<p>Public nonprofit or private for-profit organizations are allowed to contract with the City Tourism Committee. Currently, a for-profit consultant has been under contract for the past two years.</p> <p>Contract term: one year, option to extend for two additional one-year periods (City's sole discretion).</p>
Legal Requirement	Organization and Agreement requires compliance with ORS 320.300(7), 320.300(8), 320.300 (10)	Organization and Agreement requires compliance with ORS 320.300(7), 320.300(8), 320.300 (10)
Contractor's duties and responsibilities	<ul style="list-style-type: none"> *Tourism promotion activities *Admin., mgmt., and financial policies *Provides business and marketing plan each fiscal year. *Provide reports and updates to City Council *City Council approval of business and marketing plan, if not the Agreement terminates. *Contractor maintains a reserve fund, equal to 3 months of total fixed operating expenses. 	<ul style="list-style-type: none"> *Marketing Services *Website Services *Social Media Services *Public Relations Services * Photographic & Video Services * Management Services * Collateral, Printing & Shipping/Distribution Services
Funding	<p>City pays contractor based on the following:</p> <ul style="list-style-type: none"> *During each fiscal year, 70% of the projected Transient Lodging Tax collections for the current fiscal year. After fiscal year not less than 50% but not to exceed 70% of the Transient Lodging Tax collected by the City in the preceding quarter. *In every fiscal year, the City will, subject to appropriation of the funds in the annual city budget and actual receipt of the required Transient Lodging Tax revenues, pay contractor the percentage of Transient lodging Tax revenues approved in the business plan. 	<p>City is going through a refresh of its Tourism Development Strategy for the City of Wilsonville, dba Explore Wilsonville DMO. The Strategy shall provide guidance over the next 10 years for directing efforts and funds aimed at increasing tourism activity within the community, particularly for overnight stays at Wilsonville lodging properties.</p> <p>A new Request for Proposals will be issued.</p> <p>*Contract paid to consultant will be \$100,000 to develop the new strategy</p>
City's Administrative Costs	City charges a monthly administrative charge prior to allocating funds to the contractor.	N/A
When City's actual collection of TLT revenues exceeds the amount approved in the contractor budget.	If TLT revenues exceed more than 10% than the amount approved in the contractor's budget, the contractor will submit a revised business plan describing how the additional funds will be spent on tourism activities.	N/A

Assets	On termination of Agreement, the contractor will transfer any unexpended TLT to the City less any amount encumbered or accrued for approved expenditures. All intellectual property and all promotional materials associated with the provision of services are returned to the City at no cost.	All documents, and collateral marketing materials are the exclusive property of the City.
Insurance	The contractor bears the risk of all loss of all its property.	Coverages provided by consultant must be underwritten by an insurance company deemed acceptable by the City
Annual Review/Audit	The financial books of the contractor will be audited or reviewed annually by an independent certified public accountant.	All financial documents in association with the contract must be made available to the City.

	RECOMMENDATIONS	
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In keeping with the underlying intent of this memorandum and to help further discussion, staff recommends the following framework of ideas:

A. Definitions

There is a thin line between the definitions of a destination management organization and a destination marketing organization. Most organizations charged with supporting the tourism industry use the definitions interchangeably. It is important that we do not get stalled on definitions. What really matters is how the proposed organization operates to further Oregon City's desire to establish a tourism industry.

B. Blue-Ribbon Panel

It will be necessary to refresh the existing Oregon City Tourism Strategic Plan with one that recognizes the political landscape that has hampered efforts to further tourism in Oregon City as well as other more structural limitations associated with trying to develop a tourism presence within the community. The plan should spell out in great detail the community's strengths, weaknesses, opportunities, and threats.

The "refreshed" strategic plan should recognize where Oregon City stands with regard to its place in the overall tourism market within the region. A strategic plan that actually utilizes data to compare the Oregon City community's metric performance (hotel stays, TLT collections, visitors, etc.) relative to other communities that have a tourism industry within the region would be important.

And finally, a strategy that specifically spells out what it will take, in terms of personnel and financial resources, to develop a professional, business-like tourism program.

Recommendation: Establish a short-lived blue-ribbon panel of industry experts (state, county, regional DMO, tourism-related for-profit businesses, and tourism-supporting nonprofits) to refresh the existing tourism strategic plan. Hiring an experienced consultant charged with gathering, analyzing, interpreting specific market data and making comparisons between Oregon City's Tourism efforts and program infrastructure with that of other similar communities is encouraged.

Also, it will be important to get insights from consultants that specialize in developing DMOs. Some consultants may initially provide some insights without charge with the potential of being called upon later for more in-depth involvement.

C. Legal Form of DMO:

DMO can be either 501(C)(3) or 501(C)(6) organizations. According to the Internal Revenue Service (IRS), both 501(C)(3) and 501(C)(6) organizations are exempt from paying federal income taxes, but there are some differences between the two.

Here are some of the key differences:

- Purpose: 501(C)(3) organizations must serve the public, while 501(C)(6) organizations are formed to serve their members.
- Charitable status: 501(C)(3) organizations are regarded as charities, while 501(C)(6) organizations are entities that promote the common business interest of a certain group.
- Tax deductions: 501(C)(3) organizations allow their donors to take tax deductions for contributions, while 501(C)(6) organizations do not.
- Membership: 501(C)(6) organizations have more formal membership and voting rights than 501(C)(3) organizations .

Both types of organizations are tax-exempt from federal income taxes on the income raised or earned related to their exempt purposes. However, there are some differences in the activities they are exempt from and the benefits they offer.

For instance, a company with 501(C)(3) status enjoys the benefits of tax exemption, and fundraising may be easier since donations are deductible from the taxes of donors as well. On the other hand, a 501(C)(6) spends any revenue it receives to provide a service such as education or health care to the public, while a 501(C)(6) does not pay out money to its owners but uses its revenue to support for-profit businesses.

Récommendation: After the existing tourism strategic plan is refreshed, the blue-ribbon panel, cited earlier, would be charged with identifying either an existing 501(C)(3) or 501(C)(6) entity either through a request for proposals or through a sole sourced proposal. Contracting with an existing 501(C)(3) or a 501(C)(6) organization would save time from waiting on the IRS to approve an application for nonprofit status.

If there is no existing entity with a nonprofit designation, the City could support choosing a professional individual or group of professionals experienced in today's industry standards to form a private nonprofit entity for the purpose of creating a DMO. This could be accomplished by developing a request for proposals ("RFP") to be distributed among interested parties.

D. DMO Framework

Recommendation: Ideally, it is recommended that a 501(C)(3) DMO be contracted with or created. Fundraising may be easier since donations are deductible from the taxes of donors. If a 501(C)(6) is decided upon, it is recommended that a non-membership type of entity be established but keep in mind raising funds to support tourism industry building from sources other than from City government may be more challenging.

Nevertheless, a legal form for the DMO should be established and a board of directors put in place. The board may be comprised of at least one representative from the following interest groups:

- Lodging Establishments
- Retail Businesses
- Food Venues
- Wine/Spirits/Brewery Businesses
- Non-profit Tourism Support Organizations
- For-profit Out-Door Experience-Based Ventures
- Historic Site Organizations
- City Commission Liaison (non-voting member)
- County Tourism Agency
- Regional DMO

The City of Oregon City should contract with the DMO to run and operate the destination management organization, one that works with travel trade partners bring together organizations that serve all aspects of the visitor experience – from lodging providers, attractions operators, restaurants, and retailers.

A two-year contract agreement should be forged with the DMO that details the percentage TLT dollars that will be transferred each year minus the City's administrative charges. The agreement should detail the scope of work as well as an annual implementation plan that ties in with the Tourism Strategic Plan. The implementation plan should be presented each year to the City Commission for approval.

Concluding Thoughts

Within Oregon City's tourism landscape, is the for-profit side and the nonprofit component. It is the for-profit side of the ledger that is doing well and does a good job in attracting visitors primarily interested in dining, retail, wine/breweries, and outdoor experiences.

It is important to recognize that tourism is a serious business and is not a hobby. It is the nonprofit side that is struggling. Whether to keep regular business hours, not having enough volunteers, not having young people involved, or not offering programming alongside the historical assets of the community, the nonprofits are having a variety of challenges and are not destination ready. It is very challenging to run a business with only volunteers.

Recommendation: The DMO should eventually hire staff and recruit younger volunteers to serve at each of the historic houses so that regular hours can be established, and each historic site is run and operated like a small business, i.e., selling merchandise, offering special programming, participating in a unified ticketing strategy, selling visitor packages that include riverboat tours, and other outdoor experiences. The staff is supervised by the DMO with input from the respective volunteers at each historic house.

The volunteers associated with each historic house should be primarily involved with fund raising, working with the DMO on programming and attracting younger volunteers on behalf of their respective site.

At the appropriate time, the staff is prepared to provide further input. In the meantime, discussions with local organizations are suggested to discern if any are interested in pursuing the DMO model.

	<p>REVIEW OF TOURISM'S BIENNUIUM FINANCIAL STATEMENT</p>	
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The attached financial statement of the tourism program is not a cashflow statement but a document that reflects the level of revenue and expenditure of the tourism program as it currently exists.

The financial statement shows that once the DMO has been established certain revenue sources would be available to it. Revenues sources would include the balance brought forward from previous years as well Transient Lodging Taxes collected.

On the other hand, there are certain expenditure line items that would be deducted prior to transferring Transient Lodging Taxes over to the DMO. They would include:

- \$20,000 per year for the Arts Commission (\$40,000 for the biennium)
- Potentially, the cost associated with City staff direct involvement with the DMO, if any.

Transient Lodging Tax Financial Budget for 2023-25 Biennial Budget

Beginning Balance 7/1/23	880,769
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Revenues:

Transient Lodging Taxes Collected FY 2023	250,000
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Expenditures:

Economic Development Coordinator (25%)	31,700
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 Tourism Promotion

Marketing Strategy	45,000
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Marketing Collateral Supplies/Materials	22,500
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Social Media	10,000
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Professional Digital Services	7,500
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 Programs

Community Showcase	10,000
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Arts Commission	20,000
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Special Projects	25,000
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Total Expenditures	171,700
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Ending Balance 6/30/24	959,069
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Beginning Balance 7/1/24	959,069
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Revenues:

Transient Lodging Taxes Collected FY 2023	250,000
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Expenditures:

Economic Development Coordinator (25%)	33,300
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 Tourism Promotion

Marketing Strategy	45,000
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Marketing Collateral Supplies/Materials	22,500
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Social Media	10,000
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Professional Digital Services	7,500
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 Programs

Community Showcase	10,000
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Arts Commission	20,000
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Special Projects	25,000
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Total Expenditures	173,300
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Ending Balance 6/30/25	1,035,769
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