



Memorandum

To: Mayor and City Council
From: John Walsh, City Administrator
Subject: Evaluating the City's Tourism Program
Date: November 30, 2021

In an attempt to align City Council expectations with the City's Tourism Program a group of executive staff have met regularly over the past several months with intent to improve the administration of the City's Tourism program. These aspects included the budgeting, finance, flow of revenue and expenditures, operational support and general approach to the Tourism program. Staff explored various business models ranging from a fully City staffed program to a model contracted by a third party contractor with limited City support. Each of these scenarios offers pros and cons with more and less demands on City Staff resources. It was the conclusion of this committee that additional guidance is necessary from City Council for staff to deliver the Council's desired Tourism Program.

For the past several years the City's Tourism strategy has been focused on attracting visitors to the St. Helens community by sponsoring events. These events have been produced by a third-party contractor, E2C productions inc. and though not a complete Tourism Program, the events have drawn visitors far and wide and elevated St. Helens image to the outside world. From a visitor's perspective St. Helens appears thriving and the City is now a must see destination. Internally, some of the community seems to have not fully embraced its newfound popularity. Some businesses are thriving while others go unnoticed. The primary question before the Council is about recognizing and defining success. What is the Council's vision for the City's Tourism Program? More events? Less? Different events? Perhaps something altogether different. Staff needs Council's guidance to create a Tourism Policy with clear expectations. Once the Council shares their vision, staff can fine tune the appropriate business model to achieve desired results.

My recommendation is to begin with a review the Tourism program goals, making adjustments in alignment with this vision and select a preferred business model that works for the Council. Once these are established Staff can either modify the existing contract or instruct staff to issue a new RFP solicitation for services in 2022.

As part of this process I have reached to Travel Oregon and our local Destination Marketing Organization (DMO) Columbia Economic Team (CET) for assistance in working through these issues. These organizations have the capacity to educate the Council of the value of Tourism and advise on the goal setting process. If the Council is receptive representatives from both Travel Oregon and CET will participate in an future Work Session. The following are the Tourism Program Goals and Various business models explored by the committee.

Tourism Program Goals

- Attract visitors to the St. Helens Community
- Support local businesses and non-profit organizations
- Elevate the image of the City and region to the outside world
- Operate a sustainable Tourism Program (revenues meet or exceed expenses)
- Attain a high rate return on TLT investment (Transient Lodging Tax)

Business Model options

1 – Full Contractor production of events (**Most Hands-off Approach**)

In this scenario the City would select a contractor to take over the production and management aspects of the events selected by City Council. All management would fall to the contractor, though the City would still “own” the event props, products and brands. The contractor would be responsible for all budget and financing, meaning the City will no longer budget for tourism as it currently does, however the City could still contribute towards event production with all or part of transient lodging taxes it receives. All revenue and expenses would go through the contractor and the City could impose a concession agreement fee for use of the public space. Event production and management would be done exclusively by the contractor. This means items such as vendor management, sponsorships, set up, take down etc. would be performed by the contractor or its agents. In this model limited staff involvement would be required from City Departments and the City could be reimbursed for expenses incurred.

Many other jurisdictions use this model. For example, Astoria and Lincoln City events are managed through a 3rd party company and the city contributes a fixed amount of funding each year and partners in communication, and permit issuance. These communities rely on strong partnerships and open communication with contractors and other community partners to meet the desired program goals.

2 – Partial Contractor Relationship with limited staff involvement (**Current Model**)

This model is the closest to what we are currently doing. The City contracts out the production of certain events as detailed in the agreement with limited oversight and management to the extent possible. There is a fee for service with deliverables and expectations outlined. City provides limited support from Public Works, Parks & Recreation, Communications and Administrative support are provided without charge (In-kind Contribution). Public funds are designated for event budgets. City owns the event, props and brands and assists with communications, marketing and use of city brand. Sub-contractors and talent agreements are solely the responsibility of the contractor, contractor provides all insurance and assumes the related risk.

In the current model, wide latitude is built in to create and execute additional events and revenue generating activities using city brands, resources, communication channels, and revenues, subject to City approval. City relies on strong partnerships and open communication with contractors and community partners.

3 – Limited Contractor Relationship with staff involvement (**City-managed Approach**)

This business model assigns City staff to produce City events and contract for event production services as needed. The contractor relationship would be very limited in assisting with events production and Staff would be responsible for management of activities like vendor booth fees,

sponsorships, and other procurement and fiscal responsibilities of City events. To complete this business model, the city would need to hire a full-time person(s) that could be paid through transient lodging taxes and revenue that comes in from events (tickets/etc.). The City retains a high level of control over the management and operation of City events but also takes on the risk and financial responsibilities for produce the events. Support from other City departments would be required for this model to be successful.

Tourism is critical to the City's overall Economic Development strategy in creating an active and vibrant community, improving livability, and attracting new growth and investment in the City. Getting this right is important to the City's success.

Regards,