

# **TOURISM PROMOTION STRATEGIC PLANNING COMMITTEE**

## **PUBLIC MEETING AGENDA**

**THURSDAY  
JUNE 16, 2016  
4:30 – 6 P.M.**

**CITY OF ANACORTES PUBLIC LIBRARY MEETING ROOM  
1220 – 10<sup>TH</sup> STREET, ANACORTES**

The Tourism Promotion Strategic Planning Committee will review and discuss the following item:

1. Strategic Plan
2. Committee Member Appointments
3. 2017 Lodging Tax Funding

If reasonable accommodation due to a disability is needed, contact Cherri Kahns at 360-299-1950  
48 hours prior to the meeting



CITY OF  
ANACORTES  
2016-2021  
DRAFT TOURISM  
PROMOTION  
STRATEGIC PLAN

**A UNIQUE DESTINATION** -Pursuing opportunities that recognize the unique historic heritage, culture, recreational amenities and natural setting that is Anacortes.

# City of Anacortes 2016-2021

# Tourism Promotion Strategic Plan

## Contents

- Background.....2
  - Strategic Planning.....2
  - Lodging Tax.....2
  - The Lodging Tax Advisory Committee.....2
  - Use of Lodging Tax Revenues.....2
  - Application and Reporting Requirements.....3
  - Revenue History and Projections.....3
  - Allocation Process.....4
  - Recent Allocations.....4
- Mission, Vision, and Commitments.....5
  - The Comprehensive Plan.....5
    - Value Statements.....5
    - Goals and Policies.....5
  - Our Vision.....6
  - Our Mission.....6
  - Strategic Commitments.....6
- Goals, Strategies, and Action Items.....7
  - Goals.....7
  - Strategies.....7
  - Action Items.....7
  - At a Glance.....8

# Background

## Strategic Planning

In January 2016, the City Council established an ad hoc council committee, including three council members, two hoteliers, and two other members of the public for the express purpose of developing a City strategic plan for tourism promotion. The committee immediately set about writing this strategic plan, which is focused heavily on how the City can best leverage its lodging tax revenue and guide the lodging tax advisory committee.

## Lodging Tax

The City of Anacortes collects a 4% tax on the furnishing of lodging within the City, called the “lodging tax.”<sup>1</sup> In the past, this tax has been referred to as the “hotel/motel tax,” but that verbiage is not used in the statute and is inexact, as the tax is also levied on bed and breakfast and other such businesses offering transient occupancy.

## The Lodging Tax Advisory Committee

State law requires the City to establish a Lodging Tax Advisory Committee (“LTAC”), which must review and comment on any proposal to impose, increase, or repeal the lodging tax, or change the allocations, at least 45 days before final action on or passage of the proposal.<sup>2</sup> LTAC is subject to the Open Public Meetings Act.<sup>3</sup>

The Committee membership must be appointed by the City Council and must include:

- (a) at least two members who are representatives of businesses required to collect the tax;
- (b) at least two members who are persons involved in activities authorized to be funded by revenue received from the tax;
- (c) a City elected official, who must serve as chair of the committee.

The number of members in (a) must be equal to the number of members in (b). Persons who are eligible for appointment under (a) are not eligible for appointment under (b).<sup>4</sup> Terms last one year and members are eligible for re-appointment.

## Use of Lodging Tax Revenues

State law allows the City to spend lodging tax revenue on:

- (a) **tourism** marketing;
- (b) the marketing and operations of special events and festivals designed to attract tourists;
- (c) supporting the operations and capital expenditures of **tourism-related facilities** owned or operated by a municipality or a public facilities district; or
- (d) supporting the operations of **tourism-related facilities** owned or operated by nonprofit 501(c)(3) or (c)(6) organizations.<sup>5</sup>

“Tourism-related facility” means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as

---

<sup>1</sup> AMC Chapter 3.15, RCW \_\_\_\_, and RCW 67.28.181(2)(a).

<sup>2</sup> RCW 67.28.1817(2).

<sup>3</sup> RCW Chapter 42.30, including the training requirements of RCW 42.30.205.

<sup>4</sup> RCW 67.28.1817(1).

<sup>5</sup> RCW 67.28.1816.

amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.<sup>6</sup>

“Tourism” means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.<sup>7</sup>

The LTAC allocations are recommendations and not approvals, but the City may choose lodging tax recipients only from the list of candidates and recommended amounts provided by the local lodging tax advisory committee.<sup>8</sup>

## Application and Reporting Requirements

In recent years, the Legislature has added new requirements for use of lodging tax revenue. Applicants for use of lodging tax revenue must provide estimates of how any moneys received will result in increases in the number of people traveling for business or pleasure on a trip:

- (i) away from their place of residence or business and staying overnight in paid accommodations;
- (ii) to a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
- (iii) from another country or state outside of their place of residence or their business.<sup>9</sup>

After using the lodging tax revenue, recipients must submit a report describing the actual number of people traveling for business or pleasure on a trip:

- (A) away from their place of residence or business and staying overnight in paid accommodations;
- (B) to a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
- (C) from another country or state outside of their place of residence or their business.<sup>10</sup>

The City, in turn, must make those reports available to:

- the City Council;
- the public;
- the Lodging Tax Advisory Committee;
- the State Legislature’s Joint Legislative Audit and Review Committee (JLARC).<sup>11</sup>

## Revenue History and Projections

In the last several years, the City has collected increasing lodging tax, last year totaling \$365,000. The chart below shows the last five years of revenue history, grouped by month to demonstrate seasonality. Note that lodging taxes are received two months after the room is paid for by the customer, i.e., in the chart below, January revenues are from rooms rented in November.

---

<sup>6</sup> RCW 67.28.080.

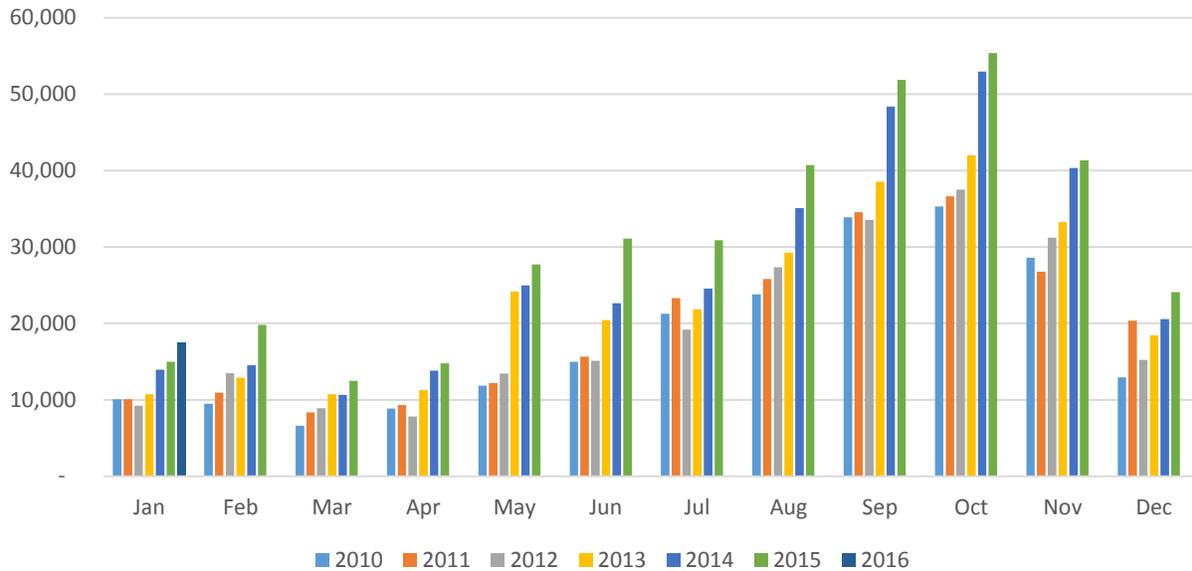
<sup>7</sup> RCW 67.28.080.

<sup>8</sup> RCW 67.28.1816(2)(b)(ii)

<sup>9</sup> RCW 67.28.1816(2)(a).

<sup>10</sup> RCW 67.28.1816(2)(c)(i)

<sup>11</sup> RCW 67.28.1816(2)(c)(i)(C).



## Allocation Process

While state law does not prescribe a specific process for allocations, it does require the City to seek recommendation from the Lodging Tax Advisory Committee (“LTAC”) before changing the allocations.<sup>12</sup> Historically, the City has had an annual process where the City solicits applications from organizations eligible to receive lodging tax funds, and LTAC considers those applications simultaneously and makes a recommendation for the following year. That annual process works well for recurring, annual events, but is not the only way to allocate lodging tax.

The City maintains a [webpage](#) about the City’s lodging tax and its Lodging Tax Advisory Committee.

## Recent Allocations

Lodging tax allocations in recent years have been fairly stable. Requests and allocations received in 2015 are listed in the table below.

Organization/Request	Request	Allocation
4th of July Show	\$10,000.00	\$10,000.00
Anacortes Farmers Market	\$9,750.00	\$7,000.00
Anochords	\$1,900.00	\$1,000.00
Art in Bloom	\$14,250.00	\$10,000.00
Arts Fest	\$16,600.00	\$10,000.00
Baker Cup	\$5,350.00	\$5,350.00
Chamber of Commerce: Marketing	\$151,000.00	\$123,500.00
Chamber of Commerce: Visitors Info Center	\$72,680.00	\$84,350.00
Corvette	\$1,200.00	\$1,200.00
Hedgehog	\$400.00	\$400.00
Home and Boat	\$1,500.00	\$750.00
Museum Brochures	\$1,950.00	\$1,950.00
Oyster Run	\$5,000.00	\$10,000.00

<sup>12</sup> RCW 67.28.1817(2).

Organization/Request	Request	Allocation
Public Restroom	\$3,720.00	\$3,720.00
Quilters	\$2,200.00	\$1,800.00
Rock the Dock	\$13,600.00	\$5,500.00
Summer Concert Series	\$20,000.00	\$12,000.00
Tulip Festival	\$2,400.00	\$2,400.00
<b>Total</b>	<b>\$399,070.00</b>	<b>\$290,920.00</b>

The largest recurring recipient, the Chamber of Commerce, receives approximately \$72,000 annually to operate the Chamber Visitor Information Center (VIC) at 819 Commercial Avenue, and approximately \$120,000 annually to promote the City and the Anacortes-Sidney ferry run through a variety of media outlets. For the 2016 allocation year, the Lodging Tax Advisory Committee recommended, and the City Council accepted, a requirement for the Chamber to promote *all* tourist-oriented businesses in the VIC, not just businesses that are Chamber members, and increased their allocation by \$16,000 to fully fund the VIC expenses.

In 2015, the City spent \$321,262 of lodging tax revenues to acquire the Heart of Anacortes event venue, which was the first time in memory that the City spent lodging tax on a capital acquisition.

## Mission, Vision, and Commitments

### The Comprehensive Plan

The City's 2016 Comprehensive Plan includes the following goals and policies relevant to tourism promotion: [this section to be updated upon adoption of the 2016 Comp Plan]

### Value Statements

Provide a Supportive & Connected Community: Offer a variety of year-round recreational and tourism opportunities.

### Goals and Policies

**Goal ED-3.** Tourism. Maintain and enhance year round opportunities for sustainable tourism in keeping with the Community's vision.

**Policy ED-3.1.** Pursue opportunities that recognize Anacortes's unique historic heritage, culture, recreational amenities and natural setting.

**Policy ED-3.2.** In cooperation with the Chamber of Commerce, establish a brand for Anacortes as a recognizable tourist destination.

**Policy ED-3.3.** Enhance entrances to the City with extensive landscaping and appropriate signage.

**Policy ED-3.4.** Encourage activities and facilities that attract visitors throughout the year.

**Policy ED-3.5.** Encourage activities and facilities that serve residents as well as tourists.

**Policy ED-3.6.** Encourage development of expanded lodging options to support overnight stays by tourists and other visitors.

**Policy ED-3.7.** Attract users of Washington State Ferries and other nearby destinations to spend time in Anacortes and patronize local businesses.

**Policy ED-3.8.** Encourage development of a civic community gathering place and a destination events/concert/meeting/music venue with hotel in the downtown/waterfront area.

**Policy ED-3.9.** Expand the amount and variety of attractions available to visitors, such as a fishing pier, sawmill museum, or other attractions that build on Anacortes’s unique history and identity.

**Policy ED-3.10.** Promote the Downtown, South Commercial Avenue, and Central Waterfront Area districts as visitor destinations.

**Policy ED-3.11.** Coordinate marketing and programming of visitor activities to increase the length of potential visitor experience.

**Policy ED-3.12.** Coordinate marketing with other nearby attractions such as Deception Pass, Whidbey Island, and San Juan Islands.

**Policy ED-3.13.** Improve vehicular and pedestrian connections between downtown and the waterfront and downtown and the State Ferry Terminal.

## Our Vision

The **vision statement** concerns the City as a community. We all recognize that our vision cannot be achieved through the efforts of City government alone.

---

*Cultivate and fund cultural activities with positive economic impact for the benefit of residents, visitors and local businesses alike.*

---

Anacortes is a thriving northwest island destination that engages visitors in genuine community experiences in local arts, culture, and the natural environment.

## Our Mission

The **mission statement** speaks explicitly to the City of Anacortes’s role in realizing our vision.

---

*Determine the community’s capacity for authentic cultural events and expand these where desired.*

---

Improve the local economy by attracting more visitors who stay longer, engage more, and experience more of our community, being more a part of the community while they’re here, making connections. The Cheers Effect—where everyone knows your name. Small businesses.

Enhance the local economy and local culture by attracting visitors who stay longer, engage with our small businesses, and make lasting connections with our community.

## Strategic Commitments

Our **strategic commitments** are the fundamental principles that drive the implementation of our mission and vision, and lay the groundwork for the goals, objectives, and strategies in the remainder of this plan:

- **Consistency with community vision:** align tourism promotion with our Comprehensive Plan.
- **Inclusiveness:** make resources available to everyone and encourage participation.
- **Cooperation:** encourage, facilitate, and engage in partnerships to accomplish our shared goals.
- **Transparency:** be clear and accountable in our actions.
- **Fiscal responsibility:** spend lodging tax money wisely.

# Goals, Strategies, and Action Items

The meat of any strategic plan is its goals, strategies, and action items. In this plan, these elements are grouped logically, but are not in any particular order of priority. Except when introduced by a conditional phrase, each of these elements begin with action verbs.

## Goals

**Goals** are broad, high-level general statements that are not time limited—and are not intended to not change from year-to-year.

The strategic plan includes two types of goals: (1) **services goals** that articulate *what* things we intend to accomplish or services we intend to provide, and (2) **logistical goals** that articulate *how* we intend to conduct our work. In general, services goals relate to the services provided to the public, and the logistical goals speak to the internal mechanics of providing those services (such as cost-efficiency).

## Strategies

Each goal is supported by **strategies** that articulate how to achieve the overall goals. Strategies may or may not be time-limited, and may or may not include action items. Strategies are not formal or binding policies; policies should be adopted by a policy-setting body, such as the City Council.

## Action Items

Each **action item** is a specific, discrete task to implement the strategy. The action items defined in the plan may not be all of the possible or obvious actions that could implement the strategy, but are the items that we have identified as it is able to implement over the course of the plan.

## At a Glance

City Leadership on Tourism and Culture .....	8
Goal 1    Lead and coordinate tourism promotion.....	8
Allocation Process.....	9
Goal 2    Allow flexibility in times of application submissions.....	9
Goal 3    Choose projects based on data.....	9
General Standards for Allocations .....	9
Goal 4    Ensure recipients are accountable.....	9
Goal 5    Spend tax money wisely, consistent with our strategic plan.....	9
Goal 6    Fund proposals based on our priorities. ....	9
Event Funding .....	10
Goal 7    Fund events that promote tourism.....	10
Goal 8    Ensure interesting things are happening continuously (all year and all week).....	10
Goal 9    Articulate policies for each category of event. ....	10
Marketing and Promotion Funding .....	11
Goal 10   Fund marketing projects.....	11
Goal 11   Promote longer stays in our community. ....	11
Community Building .....	11
Goal 12   Work with civic and nonprofit groups to support and create opportunities for visitors.....	11
Goal 13   Re-invest lodging tax dollars in our community. ....	11
Tourism Infrastructure.....	12
Goal 14   Plan and develop facilities for tourism and activities. ....	12

## City Leadership on Tourism and Culture

### Goal 1 Lead and coordinate tourism promotion.

#### STRATEGY 1A Establish a City Council Tourism Committee.

**action 1A-1** Appoint broad representation (up to 9 members) from non-profit organizations, tourist business community, the Chamber, and others.

#### STRATEGY 1B Make the statutorily required Lodging Tax Advisory Committee a subset of the City Council Tourism Committee.

**action 1B-1** Adopt the committee structure into City Code.

#### STRATEGY 1C Consider creation of a City tourism office to manage marketing and tourism promotion.

# Allocation Process

## Goal 2 Allow flexibility in times of application submissions.

**STRATEGY 2A** Allow first-time applicants, events, or initiatives to apply at any time during the year.

**STRATEGY 2B** Require recurring events to apply in the normal annual cycle.

**STRATEGY 2C** Do effective outreach for application/LT requests.

**action 2C-1** Provide first-time applicants with assistance through the application process.

**action 2C-2** Improve the website.

**action 2C-3** List the prior year allocations on the website.

**action 2C-4** Advertise in A-Town is Our Town (promote allocations in a tourism corner)

**action 2C-5** Email non-profits or businesses with request for proposals or ad about the lodging tax opportunity.

**STRATEGY 2D** Comply with 45-day statutory timeline.

## Goal 3 Choose projects based on data.

**STRATEGY 3A** Implement strategies for finding information about length visits, capacities, etc. application and reporting

**action 3A-1** Evolve LT applications to implement this strategic plan and collect useful data.

# General Standards for Allocations

## Goal 4 Ensure recipients are accountable.

**STRATEGY 4A** Require effective and useful reporting.

**action 4A-1** Develop a template reporting form and handout on methods of reporting and tracking.

**STRATEGY 4B** Require presentation of reporting metrics to us in a useful way.

**action 4B-1** Modify the application to require recurring events to provide us prior year reporting data in their applications.

## Goal 5 Spend tax money wisely, consistent with our strategic plan.

**STRATEGY 5A** Do not allocate money just because someone asks.

**STRATEGY 5B** Perform a cost/benefit analysis on all allocation requests.

## Goal 6 Fund proposals based on our priorities.

**STRATEGY 6A** Fund our own initiatives.

**action 6A-1** Develop a computer/mobile device application that functions as a rolling events calendar.

**action 6A-2** Fund maintenance of the online events calendar.

**action 6A-3** Formally evaluate cost-benefit ratio of the physical Visitors Information Center and consider replacing with new technology.

**STRATEGY 6B** Save for capital project goals.

**action 6B-1** Maintain a healthy fund balance until we reach a capital goal.

**action 6B-2** Reserve 25% of annual receipts for addition to the fund balance.

# Event Funding

## Goal 7 Fund events that promote tourism.

- STRATEGY 7A Favor events with growth potential (or to fill in shoulder season)
- STRATEGY 7A Make a special effort to solicit shoulder season events.
- STRATEGY 7B Solicit events that leverage our natural resources and surroundings, e.g., bike events.
- STRATEGY 7C Invest in events that could do better (e.g., 4<sup>th</sup> of July, Christmas)
- STRATEGY 7D Continue support of events that contribute to local culture (Farmers Market)
- STRATEGY 7E Wean off events that should be able to support themselves (Oyster Run); except events that could become much greater and we should push them forward (e.g., incubator and midtier events)
- STRATEGY 7F Allow for continuing support of events that don't have an obvious funding source (e.g., Fourth of July).

## Goal 8 Ensure interesting things are happening continuously (all year and all week).

- STRATEGY 8A Support existing events during tourist season (June-August).
- STRATEGY 8B Encourage businesses downtown to be open on Sundays.
- STRATEGY 8C Emphasize new events and promotion of visitation during shoulder season (winter) and Sundays.
  - action 8C-1 Develop at least one new or greatly expanded shoulder-season event.  
*Some have suggested a new "Whiskey on the Wharf" or "February Antiquesfest" event. Or why not two Art Walks each month?*
- STRATEGY 8D Develop indoor events and cultural events.

## Goal 9 Articulate policies for each category of event.

- STRATEGY 9A Phase out funding of events that aren't accomplishing strategic goals in their category.
- STRATEGY 9B For incubator-type or hobby programs (e.g., What the Heck Fest, Vintage Market), provide support where necessary to
  - action 9B-1 Develop criteria for successful granting in the incubator category, including some criteria to take a chance on events that may not work.
  - action 9B-2 Develop criteria for approving funding for these events based on what kind of resources the sponsor has and their history of performance in the community.
  - action 9B-3 Develop streamlined applications and requirements and paperwork for first-time applicants.
- STRATEGY 9C For mid-tier (Island Chicks, Shipwreck Day), consider support on a case-by-case basis.  
*Mid-tier events are profitmaking events that might eventually be able to fund themselves, and might eventually become anchor events.*

**STRATEGY 9D** For partnership events (e.g. cooperative events with the Port, Farmers Market, Fourth of July, summer concert series), continue support.

*Partnership events are those that the City co-sponsors because they provide an enhanced, sustaining experience for the community. Many may not have their own funding source or obvious significant funding stream.*

**STRATEGY 9E** For anchor events (e.g. Arts Festival, Bier on the Pier, Spring Wine Festival, Waterfront Festival), continue support to ensure continued success.

**action 9E-1** Fund only promotion, not capital expenses.

## Marketing and Promotion Funding

**Goal 10** Fund marketing projects.

**STRATEGY 10A** Support marketing that encourages visitors to engage in Anacortes.

**STRATEGY 10B** Explore co-marketing with neighboring communities; visitors from < 50 miles could also visit La Conner, San Juan Islands.

**STRATEGY 10C** Continue support for the countywide Tourism Promotion Area.

**STRATEGY 10D** Increase Anacortes presence with statewide tourism promotion groups, e.g., Washington Tourism Alliance.

**STRATEGY 10E** Support co-op advertising.

**action 10E-1** Instead of giving money to advertising for individual events, contract with the Chamber to do co-op marketing for the event; pool event marketing dollars to achieve greater advertising buying power.

**STRATEGY 10F** Ensure the City retains rights to intellectual property produced with lodging tax dollars.

**Goal 11** Promote longer stays in our community.

**STRATEGY 11A** Promote Anacortes as a “getaway” not just a “gateway.”

**STRATEGY 11B** Promote spending whole days in our community (even if no overnight).

**STRATEGY 11C** But don't focus exclusively on overnight stays.

## Community Building

**Goal 12** Work with civic and nonprofit groups to support and create opportunities for visitors.

**STRATEGY 12A** Explore and identify cultural activities with potential impacts; connect, interpret, and present these opportunities for increased participation.

**action 12A-1** Develop all-ages activities.

**action 12A-2** Develop multi-generational sharing opportunities.

**action 12A-3** Develop multi-cultural and environmental sharing opportunities.

**Goal 13** Re-invest lodging tax dollars in our community.

**STRATEGY 13A** Fund events and activities that ultimately reinvest in our community, e.g., the Arts Festival.

- STRATEGY 13B Look for ways to hire a cultural curator to bring artists into town, including the possibility of insourcing a City tourism office.
- STRATEGY 13C Leverage the Heart of Anacortes to be a cultural outreach center 12 months a year.
- STRATEGY 13D Encourage groups and individuals to contribute their own efforts towards maintaining our City's "critical mass" of culture and economy.

## Tourism Infrastructure

*"Tourism-related facility" means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.<sup>13</sup>*

### Goal 14 Plan and develop facilities for tourism and activities.

#### STRATEGY 14A Integrate the Depot and downtown with Cap Sante Marina.

action 14A-1 Plan a conference center oriented toward the waterfront, marina, or downtown.

action 14A-2 Develop a plan for the future closure of the Port's Transit Shed when its lease expires.

#### STRATEGY 14B Explore ways to build facilities that allow for indoor activities.

#### STRATEGY 14C Form development partnerships with new construction.

#### STRATEGY 14D Build a fishing pier.

---

<sup>13</sup> RCW 67.28.080.



## 2017 Tourism Promotion Funds Availability

The City is soliciting proposals from local non-profit organizations for “activities designed to advertise, publicize, or distribute information or other activities specifically authorized for the purpose of attracting visitors to our community.”

**\*\*\*The Grant Recipient must show at least 25% match of funds, exact amount to be determined in the application and contract.**

Complete Tourism Application Packets are available at <http://www.cityofanacortes.org/LodgeTax.php#>. Completed applications are due back to the City of Anacortes Planning, Community & Economic Development Department by **SEPTEMBER 26, 2016**.

**PLEASE NOTE: APPLICATIONS ARE NOW PROCESSED THROUGH THE PLANNING, COMMUNITY & ECONOMIC DEPARTMENT, ATTN: JOANN STEWART.** If you have questions or need an application mailed to you please contact Joann Stewart at 360-293-1907.