



**Minutes of the Gig Harbor  
Lodging Tax Advisory Committee  
April 7, 2004**

**Call to Order/Roll Call:**

Laureen Lund called the meeting to order at 9:10 a.m.

**Present:** Committee Members present: Sue Braaten, Kathy Franklin, Wade Perrow, Mort Altman, Linda Gair, Kim Hails, Mary Rae Lund, and Jennifer Kilmer. Others present: Mark Hoppen, City Administrator and Molly Towslee, City Clerk.

Welcome – Introductions. Laureen introduced new member, Mary Rae Lund, President of Peninsula Art League. She then asked each member to introduce themselves.

Discussion of the Newly Proposed Funding Model for the Tacoma Regional Convention and Visitor Bureau. Laureen explained that the CVB model placed Gig Harbor at 19% of the Lodging Tax, which would be approximately \$37,500 for 2005, a significant increase over the \$21,000 that Gig Harbor contributed in 2004. She added that the funding model contains a provision that individual lodging facilities would not have to pay dues. She said that to date, Pierce County has accepted the model, and asked for discussion on how it might affect Gig Harbor if they don't accept the increase.

Laureen then gave an overview of the meeting attended by Kim Hails, Mark Hoppen, Derek Young and herself regarding the model. She said that she thought the amount was high, considering the committee has concerns about the value of the relationship and the ability to track returns.

Mark Hoppen said that Fife had examined the numbers and determined that \$26,000 - \$27,000 would not be unreasonable to pay. He said it would be up to the committee to determine whether or not to participate at the additional cost.

Wade Perrow voiced concern with the fairness of the allocation in the model. He said that he would like the CVB to present answers to why Gig Harbor is classified the same as some of the other cities and how they came up with the 19% figure.

Laureen then introduced Ruthie Reinert, CVB, and Chuck Valley, from the Hollander Hotel Group in Puyallup to speak to the model.

Ms. Reinert said that she would like to first give an update of the success of the internet installation and the focus on the leisure market. She said that the internet system is working well, and they have been monitoring the web trends. A recent research report has shown that 46% of the visitors are using the internet for planning their visits. She handed out the 2003 Annual Report.

Mr. Perrow addressed the funding model, stating that it appears that a flat percentage has been identified for all the cities, and asked if the Board of Directors had voted on the model. Mr. Valley said that the proposal would be voted on in June.

Mr. Perrow asked why Puyallup is at the same 19% as Gig Harbor, as they have the fairgrounds to pull in more tourism activity. He said that Gig Harbor has smaller properties and can't handle such large groups, and that he didn't understand why Gig Harbor would be assessed the same as Puyallup, Tacoma, and Fife.

Mr. Valley agreed that that Puyallup benefits from the fairgrounds, but it doesn't have the ability to sell to the traveler like Gig Harbor has. He said that the value that both Puyallup and Gig Harbor would gain is in the marketing as a region. The combination of advertising, promotion, and media exposure because of the CBV and Laureen Lund all adds value. He stressed the overall benefit and the need to come together to support the CVB.

Mr. Perrow asked how the CVB came up with the 19% figure. Ms. Reinert explained that 19% is the level of the top supporters, and that this is about stabilizing the funding at the level of these top supporters.

Kim Hails asked if the board had discussed the fact that some cities were struggling to come up with the funds and how the proposed increase would affect them. Ms. Reinert responded that they only looked at fairness across the board.

Mr. Perrow said that the perception is that each city is different and raises the question of equity. He said that he could appreciate the desire for consistent funding, but he also recognizes that some of the improvements are due to Laureen Lund. He asked what the overall lodging tax increase was in Pierce County at the end of 2003. Ms. Reinert explained that the study showed an overall increase was 4%.

Mort Altman said that before, he didn't believe that a small Bed & Breakfast could benefit from individual membership in the CVB. He said that he likes that the model allows the whole community to participate without having to pay individual dues. He asked what would occur if Gig Harbor decides not to participate.

Ms. Reinert said that the bylaws would have to be changed to reflect that lodging properties in the City of Gig Harbor could not join the CVB, if the City of Gig Harbor chooses not to be a funding partner.

Mr. Valley said that he understands these concerns, and again talked about the benefits that come from participating in the CVB. He explained that Puyallup, on their own, spent \$100,000 for two years in a row without any results.

Mr. Perrow said that the City of Gig Harbor made a commitment and that there is a positive relationship between Laureen Lund and the CVB as a result. He said that this relationship should be taken into consideration in the calculation.

There was continued discussion on the breakdown of the amount and the benefits that would come from participation. Jennifer Kilmer asked if there would be a way to determine the breakdown by each city rather than the all encompassing year-end summary. Ms. Reinert agreed that this could be done.

Mr. Valley said that the value received is not through the leads generated, but through the marketing value. Mark Hoppen said that if Gig Harbor chooses to participate, there will need to be more tangible results.

Kim Hails asked if Gig Harbor couldn't participate at the 19% level, if all the work for the past several years would be lost. Ms. Reinert said that the CVB would have to be sensitive to funding partners.

Mr. Altman suggested a lunch meeting so that Ms. Reinert could describe what it is that the CVB does to clarify to those who don't fully understand. He added that with the new concept of included all the properties in the partnership, he is in favor of participating, but maybe not at the suggested level.

Ms. Hails said that everyone knows that it is a working partnership, but the 19% level is a roadblock. Mr. Perrow said that it was now up to the committee to discuss the model. Ms. Reinert and Mr. Valley left the meeting.

Laureen Lund addressed the question by Linda Gair of what would be lost if the city didn't participate. She said that we would lose a significant website connection and the full-page ad in the visitor's guide. Ms. Gair clarified that she wanted to know what we would lose locally if the city did participate at the higher amount. Laureen explained that she would lose the possibility to hire an assistant and both radio and other advertising.

Mr. Altman stressed that Gig Harbor has a unique situation with our Marketing Director, and suggested that this could be used to offset the funding requirement.

Mr. Perrow suggested sending a letter embracing the CVB and the functions it provides, and adding a provision that communities that have a Marketing Director should participate at 14% and those who do not would participate at the 19% level.

Kathy Franklin said that the relationship between Gig Harbor and the CVB has come along way in three years, and to walk away now wouldn't be prudent. She agreed that

Gig Harbor should not participate at the 19% level. Ms. Gair agreed and stressed that Gig Harbor is a great value...to the CVB.

Mark Hoppen suggested that Gig Harbor participate in the amount of \$29,000, which is 15%, then add the function of the Marketing Director at 4% for a total of 19%.

Mr. Perrow said that this would send a message to the other communities that the CVB isn't going to solve all their problems, and that each community needs someone on board to partner. He added that up until Laureen accepted the position, Ms. Reinert never even visited Gig Harbor.

Laureen Lund agreed that this idea was worth a try. Mr. Perrow asked Mr. Hoppen to go along and present this proposal. Mr. Hoppen asked what should happen if the CVB declined the offer.

A suggestion came forward to participate at the 19% level, but then ask the CVB to pay a portion of Laureen's salary or to provide an assistant. The committee agreed that they didn't want to lose control over the Marketing Director position in that manner, but it might plant the seed.

Laureen Lund and Mark Hoppen offered to draft a letter that will be e-mailed to the members for review.

**MOTION:** Move to direct staff to send a letter to the CVB by May 1<sup>st</sup> offering a proposal to pay 15%, with the Gig Harbor Marketing Director's partnership to be considered at 4%, for a total of 19% participation.  
Hails / Franklin – unanimously approved.

Ms. Lund said that she would call the members to notify them of the next meeting date and time.

The meeting adjourned at 10:35 a.m.

Respectfully submitted,

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Molly M. Towslee, City Clerk