



LODGING TAX AD HOC MEETING MINUTES

DATE: MAY 23, 2013

TIME: 2:00 pm

LOCATION: EXECUTIVE CONFERENCE ROOM

SCRIBE: Maria Tobin

MEMBERS PRESENT: Karen Scott, Kathy Franklin, Mary DesMarias, Councilmember Derek Young, Mayor Chuck Hunter, Lindsey Munson, Councilmember Tim Payne, Dave Rodenbach

STAFF PRESENT: Maria Tobin

INTRODUCTION

Karen opened the meeting with the following topics:

1. Background data on regional lodging trends
 - a. Karen circulated several handouts including background data on regional lodging trends (attached).
 - b. A second set of handouts compared eight other Washington municipalities who have incorporated a marketing department (attached)
 - c. A third set of handouts includes a 2012 year end report and the 2013 marketing plan
 - d. Moving on to Gig Harbor's lodging tax report, provided by Dave Rodenbach, Gig Harbor's lodging tax collected for first quarter have increased by an average 8.9% for the first quarter 2013. This is in line with the Pierce County economy in terms of occupancy rates.
2. Identify the market Gig Harbor can become a destination for
 - a. Karen opens the forum for suggestions from the LTAC committee to identify possible markets not already being considered in the 2013 marketing plan.
 - b. The committee talks about Gig Harbor's down-season and possible attractions to add during this time to boost overnight stays. Lindsey Munson suggested that all travel destinations with specific attractions still struggle with a down season. She also brings up that during Gig Harbor's high season, the Wesley Inn cannot always accommodate all the groups that want to stay in the Gig Harbor. She feels the main focus of these discussions should be to come up with attractions for travelers to bring to Gig Harbor during seven months normally considered to be the down season. Tim disagrees with only focusing on the off-season. He believes a continued focus should remain for year-round attractions. Mary shared her results of a zip code survey performed by downtown businesses in November and August and the results indicated a 30% downturn of outside customers coming in from November as compared to August in the tertiary market (includes Tacoma and Kitsap Peninsula).

Derek asks what events could the City could support to bring in travelers during the down season.

- i. Lindsey suggests indoor and outdoor activities or competitions/ tournaments. Discussions took place as to whether Pen Met Parks could support such tournaments. Derek mentions that there are couple other problems with our fields because they are too spread out for a larger regional draw. GH is already limited in the space that it does have for locals and for a larger draw would be cumbersome. A partnership with Pen Met Parks was also suggested as a possible strategy. Discussion follows.
- ii. Tim suggests the Sportsman Club as a possible attractor for overnight stays. Also regattas, yacht club events. Kathy agrees that Sportsman Club might be a great avenue to look into for overnight travelers.
- iii. Mona mentioned a bowling alley (if constructed) would be another ideal venue to hold such tournaments in the off-season.
- iv. Lindsey comments that a huge business boost in hotel stays for the Wesley Inn has been due to men's, women's and couples retreats. Karen offered up information from a travel seminar, National Tour Association, in which she attended and she has learned that travel groups are getting smaller (groups of 5-15 people). Faith based traveler, agritourism and other specific tours because they have more money to spend on short trips and smaller groups.
- v. Kathy brought up 7 Seas as an example of a must see for Gig Harbor and suggested that we get information out to the greater Washington area on specific attractions that Gig Harbor has to offer.
- vi. Mayor Hunter suggested visiting the Microsoft campus to find out what groups are currently interested in that may attract them as a group to Gig Harbor for the weekend. The Heritage Distillery has gotten group visits, in the past, from Microsoft.
- vii. Derek asked about the committee's intention to get involved with the Go West tour planner's summit February 24-27. Several members of the committee confirmed. Karen stated that she had already gone to Dupont to hear their kick-off presentation. Derek also asked if tour operators are a possible market what more could the group be doing to prepare for the meeting.
- viii. Lindsey suggested preplanning tour ideas in Gig Harbor and making those suggestions to possible tour companies. Karen suggested a side attraction alongside the summit to educate interested tour operators on Gig Harbor attractions.
- ix. Derek suggested working with the Washington Society of Association Executives meeting in June as they plan conferences.
- x. Tim asked if local races in the Gig Harbor affect overnight stays. Most hoteliers feel as if races have little significance on overnight stays.
- xi. Mona brought up a cruise that has been birthed from Seattle to Poulsbo that does not stop in Gig Harbor. A suggestion would be to make Gig Harbor a stop on these tours. Karen agrees and suggests farm to fork dinners are a

great attractor. Karen adds that Brix 25 and Peace of the Earth Farms put on these events already.

- xii. Kathy recommends marketing Gig Harbor as a hub for other tours that include main attractions such as Rainier, Bremerton, and Poulsbo. Mona comments that in order to do this, we must inform potential visitors as to the vicinity of Gig Harbor to Tacoma.
- xiii. Mona points out that in all articles written on traveling to Gig Harbor, there is never a mention that Gig Harbor has two hotel conference centers which she feels is a major asset when booking potential conferences for overnight stays. She feels that in the media coverage Gig Harbor has received recently, the leisure traveler appeal has been represented but the opportunity to connect with the corporate traveler or tour groups was missed. Tim suggests having a preassembled tour and media kit available for travel writers. We have media kits available and disperse them frequently.
- xiv. Derek brought up pixel set kiosks for visitor information. Karen will follow up with TRCVB.
- xv. Tim suggests leveraging the "star power" of Gig Harbor to include Josh Lucas, Matthew Willard, Kyle Stanley into a video or 15 sec video or online presence. Karen can pursue through Film Fest contacts.
- xvi. Tim suggests a greater marketing effort to get on national lists for tourism. Karen can pursue through involvement with GO WEST.
- xvii. Derek suggests appropriation for the marketing budget being reconfigured and possibly incorporating more general funds into the budget that indirectly promotes overnight stays in Gig Harbor. Tim agrees to Derek's suggestion so as to free up LTAC monies for direct marketing campaigns.
- xviii. Event planning such as weddings and memorials was suggested as another way to draw in overnight stays

3. Identify tasks currently providing value to the marketing efforts (year-end report)

Tim restructured the question so the LTAC could decide whether they felt each strategy affected tourism or community or neither so as best to appropriate funds.

- a. Social media -This was agreed to have a greater effect on the local community in terms of educating locals on the happenings and news that effects GH citizens.
- b. Broadcast - Several members agreed that the 15 second video was not identifiable to Gig Harbor. Mona suggests to make a new video broadcast more iconic to Gig Harbor. They believe it needs to include the mountain, bridges and proximity to Tacoma should be mentioned. Tim suggests spending the additional money to have a professional put together a new video
- c. Print- Karen asks the committee how they feel about the current print ad strategy in Sunset Magazine. Lindsey believes print is very valuable if it's attracting the right market. The idea of new ad design could be explored. Several new ad locations were brought up in the forum:

- i. Alaska Air-print-Mona brings up that the Puget Sound is their home base. Mona suggested fly fishing and golfing as a focus for ad campaigns in male targeted magazines.
 - ii. AAA magazine
 - iii. Journey magazine
- d. Visitor Information-Visitor Guide was agreed to be an invaluable asset to the marketing strategy
- e. Website-Kathy doesn't like the layout of the current website. Tim said he found it cumbersome. Mary said she found it hard to find events. Calendar of events could be revamped because it's difficult to find specific events.
- f. Tim suggested that it would be useful information to know how much resources are currently being appropriated to various tasks and marketing strategies by percentage and then have a further discussion if that should be restructured.
 - i. Kathy readdresses the 15 second video and it is agreed on by Derek and Tim that the video should be redone and funded from both general funding and LTAC dollars.
 - ii. Tim and Derek feel that general fund dollars should be contributed to marketing efforts especially media relations, outside the efforts for tourism.
- g. City Map-Mona suggested that they have more detail on the city maps as they are requested and passed out very frequently to their guests at the INN at Gig Harbor. We have a large supply – reprint will be one or two years out.

4. Examples of organizations operating similar to Gig Harbor

- a. Karen passed out a handout that shows several Washington Municipalities that have marketing departments and the details of marketing efforts in exchange for what is budgeted. Several Washington cities have a marketing department partly or fully funded by General Funds
- b. Kirkland has modeled their marketing efforts after the City of Gig Harbor because they saw the value in it. Karen will take suggestions brought up in this meeting and apply them to strategies both in 2013 and 2014 and future discussions will take place regarding how much time is allotted to community versus tourism efforts.

Meeting adjourned 4:10 pm

Respectfully submitted,

Maria Tobin

MARKET CLOSE UP

In most Washington markets, hotel occupancy rates have recovered to pre-recession levels. The most rapid recovery was achieved in the urban areas. In terms of room prices, hotel owners and managers remain cautious about the economic recovery. Average room rates have increased in and near Seattle, but have shown minimal growth elsewhere in the region.

HOTEL PERFORMANCE

For hotels in peripheral markets, the recovery has been more gradual. **Occupancy improved by about 2% in Kitsap and South King Counties, and by 1% or less in Eastern Washington.** In the Puyallup market, where modest growth in demand was more than offset by additions to supply, the occupancy rate declined.

data courtesy Kidder Mathews

Hotel Research Report June 2012

Area Review

Hotel Performance

MARKET	TIER	ROOM OCCUPANCY		
		2011	2012(est)	Change
Seattle CBD	Luxury	76.7%	77.0%	0.4%
Seattle South Lake Union	Upscale	74.4%	76.0%	2.2%
SeaTac	Upscale	75.5%	76.0%	0.7%
Eastgate/Issaquah	Upscale/Midprice	69.8%	76.0%	8.9%
Kent/Tukwila	Upscale/Midprice	68.2%	70.0%	2.6%
Puyallup/South Tacoma	Midprice	65.2%	63.0%	-3.4%
Bremerton/Silverdale	Midprice	61.8%	63.0%	1.9%
Bellingham	Midprice	74.7%	75.0%	0.4%
Spokane Valley	Overall	55.4%	56.0%	1.1%
Pullman/Moscow	Overall	65.0%	65.0%	0.0%
Clarkston/Lewiston	Overall	64.9%	63.0%	-2.9%
Sample Average		68.3%	69.1%	1.1%

courtesy hmghotelsblog.com

June 27, 2012

Occupancy Rate in the State of Washington

- In Washington, from May of 2011 to May of 2012, the occupancy rate increased from 63.3% to 65.1%, a year over year gain of **2.9%**.

Hotel occupancy, room rates increase in September in Pierce County

Post by [C.R. Roberts](#) / The News Tribune on Nov. 9, 2012 at 1:24 pm |

The hotel occupancy rate in the Tacoma area rose **5.5 percent in September**, the highest increase statewide save for Northwest Washington, where the rate rose 9.6 percent. Statewide, the rate rose 1.1 percent compared to September 2011.

In September in the Tacoma area, 76.8 percent of rooms were taken, up from 72.8 percent the year before, according to a monthly report compiled by Bellevue hospitality consultant Wolfgang Rood.

Hotels in the Spokane and Eastern Washington region reported the state's greatest decrease in September occupancy, down 5.1 percent. Downtown Seattle and the Sea-Tac area reported gains of less than 1 percent.

The average cost of a room in Pierce County, \$106.92 in September, was up 0.5 percent from the \$106.34 reported in 2011. The statewide average rate, \$130.77, was up 2.8 percent. All regions in the state reported an increase in rates, Rood said. With 77.1 percent of rooms taken, the statewide occupancy rate in Oregon increased 1.2 percent over 2011. The average daily room rate statewide, \$104.51, was up 5.7 percent.

Data courtesy blog.thenewstribune.com/business/2012/11/09/hotel-occupancy-room-rates-increase-in-september-in-pierce-county

Pierce tourism activity reported for Q1

May 15, 2013 - 10:30 AM

data courtesy Tacoma Regional CVB Q1 Report

First quarter results from Tacoma Regional Convention and Visitor Bureau show an estimated economic impost of \$340,347 just for the 2,220 room nights booked by its destination sales team.

Average hotel occupancy around Pierce County is up over first quarter last year and the average daily rate for reporting hotels gained **5.5 percent** from 2012. The overall lodging tax revenues collected have risen 8.5 percent in the first quarter.

Municipality	Population/ Budget	Position	Funding for Salary	Comments
City of Sumner	9,562/ \$116,000	Communications Director	General Fund & Utilities (cost allocation)	Primary contact for electronic and print media. Oversees publications, press releases, advertising, internal communications
City of Sequim	6,645/ \$229,000	Communications & Marketing Director	Lodging Tax	Position implements programs relating to marketing, tourism, public communications and community relations. Enhances the cities image through media relations
City of Auburn	\$71,517/ \$150,000	Tourism Marketing Director	Lodging Tax	Position is with the Auburn Area Chamber of Commerce on behalf of the City of Auburn
City of Poulsbo	9,336/ \$93,000	Director, Parks & Rec	General Fund	City position to manage the grant program. Priorities are tourism (economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs) & tourism promotion
City of Tumwater	17,671/ \$384,000	Communications & Marketing Specialist	85% General Fund, remaining water, sewer, storm, golf	Position generates overall communication plan, produces newsletters, brochures, press releases, contact for media
City of Kirkland	49,755/ \$479,856	Econ Dev Manager	Lodging Tax	City staff (3) is split amongst the econ dev program and the city tourism program (see attached)
City of Olympia	47,266/ unknown	Communications Manager	General Fund	Staff person serves as liaison for tourism service contracts
City of Fife	9,281/ \$445,000	Econ Dev & Marketing Program Manager	Lodging Tax	Position priorities include trade shows, and marketing, managing contracts for organizations like the TRCVB, Sports Commission, and local Chamber attending trade shows with them and support their larger marketing efforts, supporting the larger economic picture, with the goal of strengthening and growing Fife's economy and tax base