



ECONOMIC
DEVELOPMENT

M E M O R A N D U M

To: BEDAB

From: Carolyn Eagan

Re: Visit Bend contract recommendation to City Council

Date: February 24, 2016

The Bend Economic Development Advisory Board (BEDAB) has two recommendations for the City Council regarding oversight of the Visit Bend contract. They have an additional recommendation to address the forecast that there will be Tourism Funds collected in excess of what is already committed to Visit Bend in Fiscal Year 2015-16.

1. Visit Bend continues to professionally and exceptionally execute on the adopted 2015-2016 Visit Bend Business Plan. BEDAB approve the progress reports.
2. BEDAB is willing to continue to provide oversight of the Visit Bend contract. The Visit Bend Business Plan is proposed to the City by a group of highly qualified tourism industry officials. The BEDAB views the Business Plan as the best way to deploy tourism funds to the benefit of the businesses in the tourism industry.
 - a. Review the proposed business plan and recommend approval to Council
 - b. Receive regular progress reports on the business plan from Visit BendHowever, the BEDAB does not see its role as the proper oversight body to determine if the proposed Visit Bend Business Plan meets some other community-defined goal for the Tourism Fund. If the Council wishes to see Tourism Funds deployed in some way that deviates from the proposal from tourism industry experts, that decision is for the Council to make. The BEDAB will participate as the Council deems appropriate.
3. If Tourism Fund revenue exceeds the forecast and is in excess of \$2.5M committed to Visit Bend for fiscal year 2015-2016, the BEDAB recommends that the Council wait until June 30, 2016. At that time, it can be determined how much money is in the Tourism Fund in excess of the \$2.5M committed to Visit Bend. BEDAB recommends allocating additional money by RFP similar to the Affordable Housing fee allocation.

Background

In November 2014, Visit Bend and the City of Bend entered into a three-year contract. As was the case in the previous contract, all of the actions and outcomes assigned to Visit Bend by the City of Bend are done through the adoption of an annual business plan. Each year in May, Visit Bend presents its accomplishments for the current year and its plan for spending Tourism Funds for the next year, the annual Business Plan.

In the new contract, the process for approving the 2015-2016 Business Plan included a new step: presentation of the plan to the city's Economic Development Advisory Board (BEDAB) and a recommendation from BEDAB to the City Council for approval. The intent of the new contract was to have BEDAB review the plan put forth by Visit Bend to provide oversight and to ensure that Visit Bend executes the plan as presented. Visit Bend agreed to make two additional presentations to the BEDAB.

Visit Bend presented the second of two progress reports on the 2015-2016 Business Plan to the BEDAB on January 5, 2016. This is the fourth time that Visit Bend staff presented to the BEDAB since the approval of the new contract in November 2014.

The presentation included an extensive list of impressive outcomes and continued growth in total lodging tax collections in the City of Bend. The growth in lodging tax collections in Bend is greater than the increases in Deschutes County, the state of Oregon and other comparable areas.

At the January 5 meeting, BEDAB members expressed confidence that Visit Bend continues to satisfy all of the obligations of their contract with the City of Bend. However, BEDAB members expressed a limit to their level of expertise in guiding the business planning process for a tourism promotion association. BEDAB believes that Business Plan drafted and executed by Visit Bend is the best set of strategies for maximizing lodging tax collection crafted by tourism industry experts. BEDAB members see it as a Council responsibility to determine if there is some other community-defined goal for invest of tourism funds outside of the industry expert recommendation.

Continued economic and tourism growth in Bend, have led to TRT collections exceeding the contractually agreed upon contribution to Visit Bend of \$2.5 million annually in their current budget cycle. At the February 2 BEDAB meeting, BEDAB recommended the Council consider an RFP process to allocate Tourism Funds if money collected is in excess of the annual funding allocated to Visit Bend.

Since these excess funds are already drawing requests from local organizations seeking to promote various forms of tourism in Bend, a formal process is desirable. Any excess tourism funds should be held back until the end of the fiscal year, to ensure enough funding for the existing contractual agreement with Visit Bend. At the conclusion of the fiscal year, any excess tourism funds should be distributed via an open and competitive RFP process. The BEDAB would review funding requests and pass along their recommendations to City Council, avoiding multi-year funding commitments and ensuring allocations fit the statutory guidelines for tourism promotion spending.