



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator *John Brantley*, Acting

From: Amy Ainslie, Planning & Community Development Director *AA*

Date: December 10, 2025

Subject: Visit Sitka Contract

Background

Following unsuccessful efforts to obtain a new operator for Visit Sitka after the issuance of a Request for Proposals (RFP) in early 2025, the Assembly directed staff in July to reissue a bid in the form of a Request for Qualifications (RFQ). The RFQ was developed with input by the Tourism Commission in August, and open from October 2 – November 13.

We are pleased to report that we received a responsive, qualified submission to the RFQ as joint proposal from Element Agency and Agnew::Beck. Element Agency has been subcontracted with the Greater Sitka Chamber of Commerce (Chamber) for several years in support of the Visit Sitka contract, and is intimately familiar with existing Visit Sitka marketing efforts; most notably, Element was deeply involved in the recently updated and adopted three-year strategic marketing plan. Agnew::Beck, primarily based in Anchorage but with employees located throughout Alaska, provides a host of consultant services including (but not limited to) planning, public engagement, and other economic, feasibility, and impact studies. In recent history, Agnew::Beck has supported efforts in Sitka including topics such as housing and recreation, and various tourism related work across the state. In the proposed contract structure, Element Agency will be CBS's prime contractor, and Agnew::Beck will serve as an approved subcontractor to Element.

If approved, this supplemental budget appropriation will allow CBS to execute a new Visit Sitka contract with Element Agency shortly after the new year. The cost for subsequent, full terms (i.e. complete fiscal years) will be included in regular annual budgets.

Analysis

The proposed contract mirrors several provisions of the existing contract including:

- Firm fixed pricing paid in quarterly installments
- General administration including management of the Visit Sitka brand, regular reporting, and publishing of a cruise ship calendar
- Promotion of Sitka including the three-year strategic marketing plan, hosting a promotional and informational website, online advertising and social media presence, search engine optimization, print and other digital media, attendance and trade shows, and hosting media members. Promotion of CBS venues such as Harrigan Centennial Hall, maintenance and dissemination of a local business directory, and an annual visitors guide are also included.
- Providing visitor information resources such as maps and guides
- Annual reporting on marketing efforts and effectiveness

There are, however, a few additional/augmented provisions as compared to the current contract:

- Added responsibilities include:
 - Serving as a liaison to the Tourism Commission
 - Tourism Best Management Practices (TBMP) Program management
 - Economic data collection, analysis, and reporting
 - Tracking and reporting of CPV eligible expenses
- Visitor Information: While Element did not feel they had the capacity to run a visitor's center, they have agreed to take on responding to inquiries received via phone, email, and through the Visit Sitka website. Additional needs for in-person visitation likely to be absorbed at Harrigan Centennial Hall.
- Meeting and Convention Support: Element will continue marketing Sitka for meetings and conventions, they did not feel they had the capacity to support coordination services, particularly in-person needs such as signage, welcome folders, etc. Staff is currently evaluating other options for this service.

Fiscal Note

Element and Agnew::Beck have proposed their cost for the first, partial term (January – June 30, 2026) as \$303,000. This is slightly higher than expected annual costs for the first full term in FY27 (~\$587,000), as added work related to managing the transition from the Chamber, standing-up the TBMP program, and establishing parameters for economic data collection are anticipated.

The proposed supplemental appropriation would be funded as follows:

Funding Source	Amount
Visitor Enhancement Fund (VEF)	\$ 271,000
Commercial Passenger Vessel Fund (CPV)	\$ 32,000
Total	\$ 303,000

For FY26, the VEF has budgeted revenues of \$810,500 and budgeted expenditures of \$399,500, resulting in a projected addition to fund balance of \$411,000. Approval of this supplemental will reduce the projected fund balance to \$140,000.

The CPV fund will fully support the TBMP component of the proposal (\$32,000), which aligns with CPV eligible visitor management activities. The FY26 projected addition to fund balance for the CPV fund is \$1.1MM. Staff will continue to refine tracking of CPV eligible expenses to support future CPV allocations for this contract.

For years past FY27, the contract price is proposed with a 4% annual escalation, bringing annual costs to approximately \$590k - \$663k. This is generally in-line with previous budget expenses for Visit Sitka, recognizing that certain services have been added, or subtracted, from the current contract. While in-person visitor services represented a significant portion of the current Visit Sitka contract, staff intensive activities such as TBMP administration as well as more detailed economic data collection and reporting have been added.

Staff is still in the process of analyzing additional costs that result from “uncovered” services such as increasing resourcing (seasonal staffing and potentially display equipment) at Harrigan Centennial Hall, and options for meeting and convention support. Additional appropriations needed will be discussed during the regular budget process, or potentially through a separate supplemental appropriation if opportunities for other contractual arrangements arise.

Recommendation

Approve the supplemental appropriation to fund the first partial term of the new Visit Sitka contract and authorize the Administrator to execute the contract.

On timing: Since the RFQ closing, staff have been working aggressively to evaluate responses and engage in negotiations, and have been able to produce draft terms and a scope of services. However, drafting the full contract was not feasible in this timeframe. Additionally, with the change in Assembly dates, staff anticipates it will not be possible to provide a draft of the contract between first reading of this supplemental appropriation on 12/16, and the agenda/packet deadline for the 12/30 meeting which is one week later on 12/24. Staff requests authorization for the Administrator to execute the contract on the basis of presented terms & scope of services. The contract will be subject to a non-appropriation clause, in which CBS can exit the contract with no penalty in the case that it demonstrates it made best efforts, but was ultimately unsuccessful, in securing budget authorization for the contract.

Encl: Draft Contract Terms & Provisions and Scope of Services
Visit Sitka RFQ & Responses from Element Agency & Agnew::Beck
Current Visit Sitka Contract