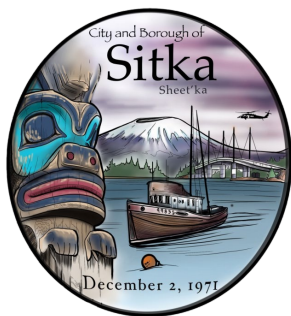


Discussion / Direction
of terms for new Visit Sitka contract.





CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Amy Ainslie, Planning & Community Development Director 

Date: May 21, 2025

Subject: Terms for New Visit Sitka Contract

Background

Per the Assembly's direction and guidance, a Request for Proposals (RFP) for the Visit Sitka contract was issued by the City and Borough of Sitka (CBS) on November 15, 2024. It was originally intended to close on January 30, 2024; with the notification that our current contractor was ending the contract effective June 30, 2025, and did not intend to respond to the RFP, the closing date was extended to February 27, 2025.

CBS received one successful response to the RFP from Orca // Killer Creative, a company based in Spokane, Washington, with employees around the Northwest. Orca // Killer Creative has extensive experience in advertising, marketing, branding, social media and web design, and market research/data analytics particularly for the travel visitor industry. One of Orca // Killer Creative's partners has family ties to Sitka, and is eager to spend more time here if awarded the contract.

Since the closing of the RFP, staff have been evaluating Orca // Killer Creative's response, sought additional information and clarifications, and completed preliminary negotiations. Those preliminary terms are listed below, and staff are seeking the Assembly's direction on whether to proceed with drafting the contract and preparing a supplemental appropriation to fund it.

Analysis

Orca // Killer Creative responses related to scope of services:

- Responded to all core services of the RFP including tasks related to Destination Marketing; Destination Management; Meeting, Convention, and Event Services; and Reporting.

- It was determined by both parties that optional services (public restroom at visitor center, managing street closures, downtown pedestrian safety measures, and event planning and management) could be discussed/considered at a later date, giving the new contractor time to establish its Sitka operations for core services.
- Much of their staff works remotely throughout the Northwest; while some work under the Visit Sitka contract can be done remotely, certain services must be provided in Sitka. Orca // Killer Creative plans to establish a Visitor Center in downtown Sitka (and has done preliminary market research to identify a few potential locations), will have 1.5 year-round employees in Sitka, and will continue hiring seasonal visitor services staff as our current contractor does. Orca // Killer Creative leadership also plans to regularly visit to Sitka to check-in with their local staff, meet with CBS and other stakeholders, and provide opportunities for community connection/engagement.

Length of contract: In the RFP, it was envisioned that the contract would be for three years, with one three-year renewal option. Contract years would be aligned with CBS's fiscal year. Given that our current contract will end on June 30th, staff recommends:

- Initial term of 3 years (July 1, 2025 – June 30, 2028)
- Two renewal options (which would be an either/or):
 - A 3.5-year renewal term (July 1, 2028 – December 31, 2031), or
 - A six-month renewal term from July 1, 2028 – December 31, 2028, should the parties not wish to execute the longer-term renewal.

Other contract terms:

- Staff recommends continuing the current contract payment schedule which pays 25% of the total contract amount at the beginning of each quarter.
- Core services as listed in the RFP would be the “base contract” terms. Additional work (as requested by CBS, proposed in collaboration with the contractor, or at the recommendation of the Tourism Commission) would be handled through task orders, the funding for which would be considered either during the usual budget cycle through the Resource Proposal process or via supplemental appropriations.
- Reporting/CBS Review
 - Quarterly reports prior to dispersion of payments would continue to be made to CBS staff (primarily the Tourism Manager)
 - An annual report to the Tourism Commission of the state of the tourism industry primarily focusing key performance indicators (KPIs) as described in the RFP and a review of the strategic marketing plan
 - 3-Year Strategic Marketing Plan developed with, and approved by, the Tourism Commission

Fiscal Note

The total annual contract price as negotiated is \$653,750.00. Recently, the Visit Sitka contract has been funded at \$525,000 - \$575,000, however, additional services were requested in the RFP or were being absorbed by the current contractor (dollar amounts

reflect Orca // Killer Creative's proposed costs related to these additional service):

- Street closure communications (\$7,500)
- Management of TBMP (\$15,000)
- CBS Tourism Commission Liaison (\$10,000)
- Tracking of cruise-related expenditures (13,750)
- Economic data collection and analysis (17,500)
- Total of additional/discrete services: \$63,750

Additionally, for at least for the first year of the contract, Management of TBMP will not be included as the pilot of the program is being managed by the Sitka Sound Cruise Terminal for the 2025 season. This would bring the cost for at least the first year down to \$638,750. The FY26 revenue budget for the Visitor Enhancement Fund is \$810,500.

With tracking of cruise-related expenditures, it's anticipated that funding for the contract will also come from the Commercial Vessel Passenger Excise Tax (CPV) revenue in the future. For the first year and upcoming supplemental appropriation should the Assembly direct us to proceed, staff could either:

- Budget wholly from Visitor Enhancement and then later in the fiscal year (once results from tracking are known) do a supplemental appropriation to use/transfer CPV funds for the contract
- Attempt to make a preliminary (and likely highly-conservative) estimate of CPV eligible expenses and budget the contract from both funds.

Recommendation

Staff recommends proceeding with a new contract for Visit Sitka with Orca // Killer Creative as the contractor. Should the Assembly wish to proceed, direction is needed on whether the overview of contract terms included in this memo are acceptable or should be modified, and on how the Assembly wishes to budget for the contract (i.e. whether it should be wholly from Visitor Enhancement or as a mix with CPV).

Encl: Current Visit Sitka Contract
Visit Sitka RFP
Orca // Killer Creative RFP Response (as modified through additional communications and negotiations)