



Sitka Convention & Visitors Bureau Current and Potential Organizational Structure

Mission: To market Sitka as a year-round visitor destination and meeting site, and to enhance the economy

Current Organizational Structure

Formation

The Sitka Convention & Visitors Bureau (SCVB) was formed under the City & Borough of Sitka (CBS) in 1980. As such, it currently it is identified as a "quasi-city" organization since it is neither a non-profit nor a city department. City of Sitka General Code Chapter 2.34 addresses the Sitka Convention & Visitors Bureau. It is well-known that the code is antiquated and does not properly address the manner in which the SCVB currently operates.

Board Assignment

Those interested in serving on the SCVB board must complete a CBS Board/Commission Application Form. The form is submitted to the deputy clerk, and board members are assigned by the CBS Assembly.

Funding

Bed Taxes: Currently, the SCVB is funded using a formula of 92% of projected bed taxes (that is, 92% of what is expected to be brought in the coming fiscal year). Although this is the historical funding calculation, there is no set or written methodology for funding the SCVB through bed taxes.

Member Dues: The SCVB has over 200 current memberships. Rates vary from just over \$100 for a non-profit to \$770 for large airlines or boat operators.

Ad Sales: Members are able to promote their businesses through paid print ads in the annual vacation guide, banner ads on the SCVB website, and on the airport phone board.

Finances

The SCVB has its own bank accounts and CD accounts. A bookkeeper is employed by the SCVB to manage payroll and process A/P. All A/R invoicing is handled in-house, as are deposits of cash and checks (receipts and coding are forwarded to the bookkeeper for the GL). The SCVB is audited with the City in October of each year. All financial reports, information, and receipts are submitted to the City for the audit process.

Employees

Hiring: The executive director is hired and supervised by the SCVB Board; all other employees are hired and supervised by the executive director.

Benefits: Year-round employees are eligible for basic medical benefits (does not include vision, dental, or mental health care) and a \$25,000 life insurance policy. Employees must pay 100% of costs to add dependents or family members to their medical insurance policy.

Relationship to Tourism-related Commissions / Community Groups

The SCVB does everything in its power to stay connected to local commissions, groups, and planning events that impact the tourism sector. Currently, the SCVB has an assigned seat on the Tourism Commission, although the seat has been empty for some time.

SCVB Board Preferences re: Future Organizational Structure

The issue of SCVB form has been an ongoing topic for many years. The Board's original preference was to fix the general code to align with the SCVB's current mode of operation. However, the Board was notified by an assembly member that the agency could not remain quasi-city, which only left the options of becoming a non-profit or a for-profit agency. The Board agreed that if non-profit was the only option, then a 501(c)3 would be the best choice. During the paperwork process, the agency was notified that the majority vote of the Assembly was required to become a non-profit. It is still the opinion of the Board that remaining quasi-city would be the most desirable option. The possibility of becoming a department of the City and Borough of Sitka was widely dismissed because of the perceived cost to the city to absorb the SCVB as a department.

Future Organizational Structure Option 1: Modification of Current Ordinance

Formation

City of Sitka General Code Chapter 2.34 would need to be modified to fit the current operational structure of the SCVB. Several documents currently exist that highlight problem areas of the current code and suggest modifications. These suggestions were approved by the SCVB Board but were never brought forward to the City Assembly.

Board Assignment

Board assignment would remain the same as currently structured; all board members would be chosen by the City Assembly.

Funding

Funding would be similar, but the SCVB Board would prefer that a set funding formula be written to guarantee ongoing funding of the SCVB. It has long been the request that the agency be forward-funded to help with long-term marketing planning and campaigns.

Finances

All financial procedures would remain unchanged from the current organizational structure.

Employees

All employee procedures would remain unchanged from the current organizational structure.

Relationship to Tourism-related Commissions / Community Groups

The SCVB Board is in favor of bringing the Tourism Commission and other willing tourism-related groups under the SCVB as active subcommittees to the SCVB Board. The purpose of the subcommittees would be to systematically explore and implement relevant projects and ideas from Visitor Industry Plan (VIP) 2.0 and other projects as identified by the subcommittees, SCVB Board, community, and Assembly. Unifying these groups would be more efficient, help prevent duplication of efforts, and ensure that all groups are operating with a common vision. Additionally, it would and prevent duplication of efforts, allow for resource sharing, and would provide a vehicle for review and implementation of additional worthwhile visitor industry plans that have remained dormant (such as those outlined in VIP 2.0).

Perceived Benefits

- From an agency standpoint, this option allows for the most seamless transition.
- The operating form has worked well over the span of the agency
- The Tourism Commission and other tourism-related community groups can be brought under one umbrella

Perceived Risks

- It is unknown if the current quasi-city status is a legally valid form (especially regarding paid memberships, etc.)
- The SCVB would retain bank accounts, payroll, and finances completely independent of the CBS, therefore, the city has very little control over the agency's finances
- All new regulations and requirements to operate in compliance with 501(c)3 status

Additional Resources Needed

The SCVB would need to hire an additional person if the Assembly agreed to place the Tourism Commission under the SCVB. This person would convene/advertise meetings, create subcommittee packets, take minutes, and be responsible for following up and completing any tasks related to the subcommittees. In order to hire someone with the appropriate experience, we would need an additional \$15,000 year, based a contract employee rate of \$30/hour for 40 hours per month.

Future Organizational Structure Option 2: 501(c)3

Formation

The SCVB already began the process of becoming a 501(c)3 with the assistance of Foraker. The agency has all of the paperwork and is aware of all the next-steps required.

Board Assignment

There are several options for board assignment, but it is typical for visitor bureaus and other member organizations to either 1) have the board assign future members or 2) let the membership vote new board members in.

Funding

In order for the SCVB to continue receiving bed taxes, an MOA would need to be established between the agency and CBS. It is assumed that this would require an annual refresh, although the SCVB Board would prefer something be established with more longevity.

Finances

Finances would remain as they are in their current structure; however, the SCVB would no longer be included in annual audits with the CBS.

Employees

Hiring and benefits would continue to be handled as they have in the past.

Relationship to Tourism-related Commissions / Community Groups

In this structure, it would be difficult for the Tourism Commission to be brought underneath the SCVB, since the City Assembly would essentially have no authorization to assign projects to a non-profit group. Other tourism-related groups, such as the Downtown Revitalization Group, would still be able to be absorbed by the agency.

Perceived Benefits

- Non-profit status would cleanly separate of the SCVB from CBS, which greatly reduces CBS liability regarding SCVB operations
- The SCVB would have greater freedom in operations without the quasi-city status
- All donations and member fees would be tax-deductable
- Additional grants *may* be available

Perceived Risks

- CBS would have less control over the SCVB
- If a funding mechanism/formula wasn't clearly defined, it could have a drastically negative impact on visitor marketing efforts
- Board members would no longer be assigned by the assembly
- Increased workload for staff to maintain requirements of 501(c)3 status

Additional Resources Needed

No additional resources would be necessary, as paperwork is mostly completed and the cost of retaining an attorney to help with the process has already been paid.

Future Organizational Structure Option 3: City Department

Formation

Additional research would be required to outline the exact process of integrating the SCVB as a department of CBS.

Board Assignment

As a department of the CBS, the SCVB would likely have a commission, similar to the Library Commission or Police & Fire Commission. Commission members would be assigned by the Assembly.

Funding

As a city department, the SCVB would be included in detail in the CBS budget and could still receive bed tax revenue as a funding source. Membership and ad sales (~\$78,000 in FY14) would likely no longer be permitted.

Finances

All finance paperwork would be handled by the CBS finance department and existing bank accounts would be dissolved and moved into accounts of the CBS.

Employees

All employees would be hired and retained per CBS personnel policies, including full benefit packages currently offered to city employees.

Relationship to Tourism-related Commissions / Community Groups

The Tourism Commission would likely be replaced by the Convention & Visitors Bureau Commission, although work could still be done to forward viable VIP 2.0 and other identifiable goals by convening subcommittees. Community groups, such as the Downtown Revitalization Group, would not be able to be included in the SCVB.

Perceived Benefits

- Full control and oversight by the CBS
- Funding secured as a city department
- Significantly improved benefits for employees
- Some of our current expenses (such as bookkeeping and legal) would be covered as part of our integration into CBS

Perceived Risks

- Increased expense to CBS
- Potential decrease in actual marketing budget due to increased personnel/benefit costs and lack of membership and ad sales funding
- Lack of membership offers no recourse if a business has multiple complaints – they will still automatically be represented

Additional Resources Needed

Significant resources would be required to incorporate the SCVB as a department of the CBS. A cost analysis can be done with the SCVB ED and CBS Finance Department if this is seen as a viable option.