



# Sitka Convention & Visitors Bureau

## Current and Potential Organizational Structure

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

### Introduction

The Sitka Convention and Visitors Bureau (SCVB) was established by the City and Borough of Sitka in 1980 as Sitka's official destination marketing organization. Our mission is "To market Sitka as a year-round visitor destination and meeting site and to enhance the local economy". The agency fulfills its mission through a variety of mediums, some of which include:

**Marketing and Promotion:** design and publish annual visitors guide, place ads online and in print media, maintain social media pages, create and distribute promotional videos, promote Sitka through trade shows, maintaining [sitka.org](http://sitka.org), hosting media members and group tour operators, cruise line visits and Public Relations.

**Visitor Services:** respond to visitor inquiries in a variety of mediums, staff visitor information desks at both lightering facilities, mail requested information to visitors for trip-planning purposes, create and distribute printed information pieces for use by visitors while in Sitka.

**Convention Sales and Services:** solicit conventions and meetings to be held in Sitka through a variety of mediums, assist with conference planning (securing locales, bids, printed collateral, etc.), create and distribute convention delegate welcome folders and welcome signs in downtown businesses.

**Member Services:** update and include members in [sitka.org](http://sitka.org) and the annual visitor guide, as well as brochure displays, email newsletters, summer cruise ship calendar, educational seminars, customer service training, one-on-one marketing consultation, and international exposure through the SCVB's marketing and promotional efforts.

### Current Organizational Structure

#### Formation

The Sitka Convention & Visitors Bureau was formed under the City & Borough of Sitka (CBS) in 1980. It is identified as a "quasi-city" organization because it is neither a non-profit nor a city department. City of Sitka and Borough General Code Chapter 2.34 (Appendix A) includes details relating to the formation, powers, duties and financial structure of the SCVB. This section of the code is out of date and does not reflect current SCVB operations. The following paragraphs describe current SCVB operations.

#### Term (Board Assignment)

The SCVB board is comprised of seven members, each serving a term of three years. Those interested in serving on the SCVB board must complete a CBS Board/Commission Application Form. The application is submitted to the deputy clerk; the CBS Assembly then nominates and approves board members by a majority vote.

## **Powers and duties**

### **Policies governing planning and execution**

See the introduction

### **Reporting to the assembly**

Reports provided at each SCVB board meeting.

### **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 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 an assigned seat on the Tourism Commission, although the seat has been empty for some time.

## **Fiscal matters**

### **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 though bed taxes.

**Member Dues:** The SCVB has over 200 active 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 accounts payable. All accounts receivable 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

## **Future Organizational Structure**

The issue of SCVB organizational structure has been an ongoing topic for years. The Board's original preference was to modify 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 SCVB was notified that the majority vote of the Assembly was required to become a non-profit. It is still the Board's opinion 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.

As we see it there are three options for the SCVB's future organizational structure, these options are described in detail below.

## **Option 1: Modify Current Ordinance**

### **Formation**

City of Sitka General Code Chapter 2.34 would be modified to fit the current operational structure of the SCVB. Several documents exist highlighting 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.

### **Term (Board Assignment)**

Board assignment would remain the same as it is currently structured.

### **Powers and duties 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 the SCVB standpoint, this option allows for the most seamless transition.
- The current operational structure has worked well over the years for the SCVB.
- 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 operational structure (especially regarding paid memberships, etc.).
- The SCVB would retain bank accounts, payroll, and finances completely independent of the CBS, therefore, the city has little control over the agency's finances.

### **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.

### **Employees**

Employee procedures would remain unchanged from the current organizational structure.

### **Fiscal matters**

#### **Funding**

Funding would be similar, but the SCVB Board prefers that a set funding formula be developed guaranteeing ongoing funding of the SCVB. For a long time the SCVB has requested to be forward-funded in order to help with planning, long-term marketing planning and campaigns.

## **Finances**

All financial procedures would remain unchanged from the current organizational structure

## **Option 2: 501(c)3**

**Note: Currently, all CVBs in larger Alaskan cities are 501(c)6 non-profits. Due to the fact that we have not engaged in political lobbying and don't plan to (that has been the place of the City Assembly) Foraker agreed that 501(c)3 would likely be a better form for the SCVB.**

## **Formation**

The SCVB began the process of becoming a 501(c)3 with the assistance of Foraker. We have all of the paperwork and are aware of all the next-steps required to move ahead with 501(c)3 status.

## **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.

## **Powers and duties**

### **Relationship to Tourism-related Commissions / Community Groups**

In this organizational structure, it would be difficult to bring 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-deductible
- 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.

## **Employees**

Employee procedures would remain unchanged from the current organizational structure.

## **Fiscal matters**

### **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.

## **Option 3: SCVB becomes a City Department**

### **Formation**

Additional research will be required to determine the 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.

### **Powers and duties**

#### **Relationship to Tourism-related Commissions / Community Group**

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.

### **Perceived Benefits**

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

### **Perceived Risks**

- Increased expense to CBS
  - Potential decrease in personnel or 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. It was estimated that the current personnel structure would increase the SCVB budget by \$100,000; these costs could potentially be offset by a reduction in staff or by increasing the CBS bed taxes by 2%.

### **Employees**

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

## **Fiscal matters**

### **Funding**

As a city department, the SCVB would be included 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 financial items would be handled by the CBS finance department and existing bank accounts would be dissolved and moved into accounts of the CBS.

## Appendix A.

### City of Sitka and Borough General Code Chapter 2.34

#### SITKA CONVENTION AND VISITORS' BUREAU

Sections:

[2.34.010](#) Formation.

[2.34.020](#) Term.

[2.34.030](#) Powers and duties.

[2.34.040](#) Fiscal matters.

[2.34.050](#) Voluntary association.

##### **2.34.010 Formation.**

There shall be a board known as the Sitka convention and visitors' bureau, composed of seven members. The members shall be nominated by the assembly and confirmed by a majority vote of the assembly members who are present at any regular or special meeting. The bureau shall organize itself and function according to the provisions of Chapter [2.60](#) of the Sitka General Code. (Ord. 80-431 § 4 (part), 1980.)

##### **2.34.020 Term.**

The term of office of the Sitka convention and visitors' bureau members shall be three years, but the first bureau members shall be appointed and serve terms as follows:

- A. Three members for a term of three years;
- B. Three members for a term of two years;
- C. One member for a term of one year.

Members shall serve until their successors have been confirmed by the assembly. There shall be no pay for bureau membership. (Ord. 80-431 § 4 (part), 1980.)

##### **2.34.030 Powers and duties.**

- A. The bureau shall be responsible for the formulation of policies governing the planning and execution of programs dealing with all phases of convention and tourist promotion and service to

tourists.

All such policies and plans of operation, shall be approved by the assembly prior to execution, but after approval, the bureau shall administer such programs to see that they are executed in line with assembly authorization.

B. The bureau shall submit periodic reports to the assembly as may be determined by the assembly, but not less than quarterly.

(Ord. 80-431 § 4 (part), 1980.)

#### **2.34.040 Fiscal matters.**

A. The city may allocate funds from its budget to assist in programs of the bureau. The bureau may also solicit funds from other sources, but all funds directly received become city property even though used specifically for bureau purposes.

B. The bureau shall submit an annual budget and sources of income for the coming year, which shall be approved by the assembly as part of the general fund budget of the municipality.

C. Within the limits of the budgeted amounts, the bureau may incur expenses. Bills before payment shall be approved by the assembly under the same procedures as ordinary bills.

(Ord. 80-431 § 4 (part), 1980.)

#### **2.34.050 Voluntary association.**

A. The bureau may form an auxiliary voluntary association to aid in the bureau purposes. Such purposes may include the solicitation of funds. Any actions and solicitations by such an auxiliary shall make it clear that its actions are not those of an official branch of the municipality, but rather those of a private voluntary organization.

B. Any funds received by such auxiliary shall be expended only with prior bureau approval. If any auxiliary funds remain upon termination of the auxiliary, such funds revert to the Sitka general fund.

C. Any disbursements by the auxiliary shall be reported to the assembly in no less than itemized quarterly reports.

D. The bureau may not guarantee payment of any auxiliary expense without prior assembly approval, nor may the bureau donate any moneys to the auxiliary without prior assembly approval, nor may the bureau solicit funds for the auxiliary.

E. The auxiliary may be dissolved at any time by the bureau or the assembly.

(Ord. 80-431 § 4 (part), 1980.)