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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Assistant City Manager

DATE: April 30, 2021

RE: **Budget Transfer - Community Tourism Strategy Joint Funding**

At its meeting of July 8, 2019 the City Council authorized a budget transfer in the amount of \$20,000 from Appropriated Reserves of the CPV Special Revenue Fund to the Tourism & Economic Development Fund to support the Ketchikan Gateway Borough Planning Department's efforts to undertake a Community Tourism Strategy Project. This action followed a discussion held by the City Council at the June 20, 2019 City Council meeting in which the City Council considered its level of financial participation. The project has not yet commenced and the funds were never encumbered and have lapsed.

Attached for City Council consideration is a memorandum and additional information from Ketchikan Gateway Borough Planning Director Richard Harney requesting reauthorization of the \$20,000 project share from the City to support this initiative. As no appropriation for this project was reflected in the 2021 General Government Operating and Capital Budget a budget transfer would be required for the City's financial participation.

The Planning Director will attend the City Council meeting of May 6, 2021, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended the City Council adopt the motion taking such action as determined appropriate regarding the City's financial participation in a Community Tourism Strategy as developed by the Ketchikan Gateway Borough per the request for financial support in the amount of \$20,000.

Recommended Motion: I move the City Council take such action as determined appropriate regarding the City's financial participation in a Community Tourism Strategy as developed by the Ketchikan Gateway Borough per the request for financial support in the amount of \$20,000.

Tourism Strategy Funding Request

In 2019, the Borough Assembly approved development of a community-driven tourism strategy. The strategy will emphasize resiliency and diverse livelihood strategies to position Ketchikan as an innovative and sustainable community that supports direct and indirect multi-stakeholder benefits from tourism. The strategy will represent the diverse needs of locals and visitors to ensure sustainable access to resources, local spaces, and equitable economic benefits from tourism. Balancing the needs and desires of all affected parties is the target and goal of developing a community tourism strategy.

The Borough funded the Tourism Strategy at \$80,000 and the City of Ketchikan had approved \$20,000 toward the project. However, the project was delayed due to COVID19 and priorities shifted to recovering from the pandemic. As the ships will begin sailing again, the strategy is ready to be pursued. In order to do so, reauthorization of the funding from the City of Ketchikan is necessary.

The Strategy will bring into balance tourism growth and residential welfare and develop a framework for how these two seemingly diametrically opposed realities co-exist sustainably. The tourism strategy will address community issues including, but not limited to over-congestion in the downtown corridor, residents' concerns toward tourism, market needs, community carrying capacity, and the addition of new berths in the community.

The Borough is requesting the City of Ketchikan reauthorize the previously committed \$20,000 for development of the community tourism strategy, splitting the total cost 80/20, Borough / City.

Summary of Tourism Strategy

Tourism was the fastest growing industry for Ketchikan prior to the COVID 19 pandemic. Although the industry was not been able to operate during the 2020 season, the industry is expected to rebound in the coming years. When the cruise ships return, the community needs to be prepared to conduct tourism in a resilient, sustainable manner. A sustainable, resilient strategy that is supportable from the business community, the residents, and the municipalities.

The Ketchikan visitor experience is vital. In order for the experience of the visitor to be authentic and exceed expectations, it is helpful if the whole community, primarily the year-round residents, understands how the industry trickles down to all sectors of the community.

Tourism is everyone's business. Everyone in the community gains from properly managed tourism. Tourism benefits the Borough because it expands the employment market and tax base. In its broadest sense, the tourism industry is the total of all businesses that directly provide goods or services to facilitate business, pleasure, and leisure activities away from the home environment. The tourism industry includes more than just the cruise passengers, but the cruise passengers significantly impact the community, infrastructure, businesses, and residents.

Certain residential neighborhoods have been heavily impacted by tourism activities, such as Herring Cove, Newtown, Knudson Cove, and Park Avenue area. In order for private tourism operators to have their own niche location, the operators are beginning to press into neighborhoods. One effect of the lack of designated destinations and maintained commercially acceptable parks and trails appears to be that tours are accessing areas that year-round residents may not desire to see commercial activities.

July 8, 2019

Councilmember Coose indicated this item failed at the Borough Assembly meeting of July 1, 2019 and the motion was contingent upon their participation.

Councilmember Kiffer said he has been through similar projects in the past, and they don't always turn out as planned. He questioned if the Council were to proceed, who would have the final approval on the designs that were submitted.

Moved by Bergeron, seconded by Kiffer to amend the motion to fund the entire amount of \$6,440 and make it a City flag.

Motion to amend failed with Bergeron, Kiffer and Gage voting yea; Flora, Zenge, Williams and Coose voting nay.

[Clerk's note: At the Ketchikan Gateway Borough Assembly meeting of July 1, 2019 the motion failed for financial support for a community flag. The main motion is contingent upon equal financial participation from the Borough.]

**Ordinance No. 19-1893 – Adding a New Chapter 10.20 Entitled
“Micromobility Devices” to the Ketchikan Municipal Code -
First Reading**

Copies of Ordinance No. 19-1893 were available for all persons present.

Moved by Williams, seconded by Flora the City Council approve in first reading Ordinance No. 19-1893 adding a new Chapter 10.20 entitled “Micromobility Devices” to the Ketchikan Municipal Code; and establishing an effective date.

Lieutenant Bernston answered questions from the Council.

Moved by Williams, seconded by Flora to amend the main motion to strike the sunset provision from the ordinance.

Councilmember Bergeron said the Council should have a discussion not just about this, but about traffic, safety and uplands development. He indicated he would support the motion.

Motion to amend passed with Flora, Williams, Zenge, Gage, Kiffer, Bergeron and Coose voting yea.

Main motion, as amended, passed with Coose, Williams, Gage, Kiffer, Bergeron, Zenge and Flora voting yea.

**Budget Transfer – Community Tourism Strategy Joint
Funding**

Moved by Coose, seconded by Kiffer the City Council direct the city manager to transfer \$20,000 from Appropriated Reserves of the CPV Special Revenue Fund to Tourism & Economic Development Operations Management and Consulting Services Account No. 640.04.

Motion passed with Williams, Bergeron, Gage, Kiffer, Coose and Zenge voting yea; Flora voting nay.

June 20, 2019

Mayor Sivertsen questioned the number of vacant properties the City currently has and/or recently acquired. He said the City doesn't need to be property owners, and needs to get these properties back on the tax rolls as quickly as possible.

Councilmember Coose echoed Mayor Sivertsen's comment. He stated he would not support this motion, as this property is being sold for a nickel on the dollar nor would he support selling any City property at this price.

Mayor Sivertsen questioned staff regardless of what the property sells for, when it goes back on the tax rolls is it at the tax base of the sales price or the assessed value.

Manager Amylon said it was his understanding this property was being incorporated into a lot the owner already owns, and would be assessed as one lot.

Motion passed with Bergeron, Flora, Williams, Zenge, Gage and Kiffer voting yea; Coose voting nay.

Community Tourism Strategy and Request for Joint Funding

Moved by Flora, seconded by Coose the City Council direct the city manager to take such action regarding the Ketchikan Gateway Borough/City of Ketchikan Joint Cooperative Relations Committee's request for joint participation and funding of the Borough's Community Tourism Strategy Project as determined appropriate by the City Council.

Councilmember Flora informed of Mr. Harney's report from the July Joint Cooperative Relations Committee meeting. He said City representatives were in support with working with the Borough on a comprehensive plan, but they did not support joint funding or any use of City CPV funds for this project. He stated the City manages 100% of the Port and only receives 50% of the CPV funds, and this is structurally deficient by design, which is the States fault. He agreed with Manager Amylon as "all City residents are Borough residents", which means if the Borough funds this project, the City residents are already paying their share.

Councilmember Coose said he did not support the Council funding this project. He felt it is necessary, and should have been done five years ago with the amount of growth Ketchikan has had in the tourism industry.

Councilmember Kiffer said it wasn't clear to him what the City's share would be.

Manager Amylon said what was represented at the Joint Cooperative Relations Committee meeting is the Borough wants the City to put in an equal share or half of the \$80,000. He said he advised the Borough representatives that if the study were to move forward without City financial participation, staff would have to participate, as we own the Port.

Mayor Sivertsen said it is a Borough project and they should move forward and fund it 100%.

Councilmember Bergeron said he supported this study, and felt we should not be too short-minded on such a small amount of money. He said we should have a discussion with the Borough as representatives of the City and support this project.

June 20, 2019

Moved by Kiffer, seconded by Gage to amend the motion to limit the City's financial share not to exceed \$20,000 for this project.

Mayor Sivertsen said the Borough is more than willing to move forward and pay the full \$80,000. He felt this sets precedence for future projects in regards to these types of studies. He said this is a community wide project, and they do expect City participation.

Motion to amend passed with Kiffer, Gage, Zenge and Bergeron voting yea; Coose, Williams and Flora voting nay.

Main Motion as amended passed with Gage, Zenge, Williams, Bergeron and Kiffer voting yea; Coose and Flora voting nay.

Amendment Three to Lease Agreement Between the Plaza, LLC and the City of Ketchikan d/b/a Ketchikan Public Utilities

Moved by Williams, seconded by Kiffer the City Council approve Amendment No. 3 to the Lease Agreement between the Plaza, LLC and the City of Ketchikan d/b/a Ketchikan Public Utilities for the lease of space at the Plaza by Sales, Marketing and Customer Service Division and authorize the general manager to execute the amendment on behalf of the City Council.

Motion passed with Flora, Kiffer, Coose, Gage, Bergeron and Williams voting yea; Zenge abstaining.

Additional Operation of Rental Diesel Generators with Associated Expenditures up to \$527,000 and Preparation of Requisite Budget Amendment

Moved by Williams, seconded by Kiffer move the City Council authorize additional operation of the rental diesel generators with associated expenditures up to \$527,000 as detailed in the electric division system engineering manager's report dated June 11, 2019 and preparation of the requisite budget amendment to be submitted to the City Council for formal consideration and approval.

Motion passed with Coose, Gage, Bergeron, Williams, Zenge, Kiffer and Flora voting yea.

Swan Lake Hydroelectric Project Transition Documents Between the City of Ketchikan d/b/a Ketchikan Public Utilities and the Southeast Alaska Power Agency (SEAPA)

Moved by Coose, seconded by Williams the City Council approve the Swan Lake Hydroelectric Project transition documents between the City of Ketchikan and the Southeast Alaska Power Agency (SEAPA) and the City of Ketchikan d/b/a Ketchikan Public Utilities providing for the transition of the operation and maintenance of the Swan lake Hydroelectric Project from KPU to SEAPA on or about July 1, 2019.

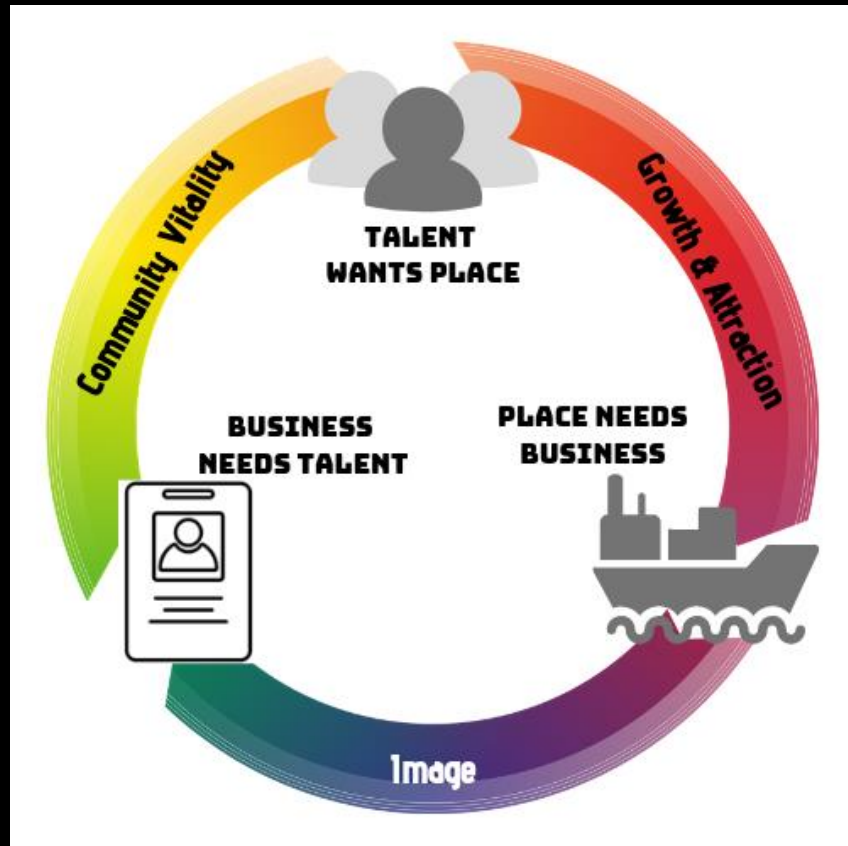
Motion passed with Bergeron, Williams, Zenge, Kiffer, Flora, Coose and Gage voting yea.



COMMUNITY TOURISM STRATEGY

A Partnership between the Cities & Borough governments and the Community

ECONOMIC DEVELOPMENT



Improving the quality of life:

- Through qualified talent pools
- Through business opportunities
- Through housing options
- Through environments (built and natural)
- Through livable wage employment

CRUISE TOURISM

- Tourism is labor intensive
- Interactions with local communities is important
- Well-trained tourism workforce **AND** citizens who are equipped and aware of the benefits and responsibilities are indispensable elements of tourism destination delivery

APPEARANCE & EXPERIENCE

Showing Up



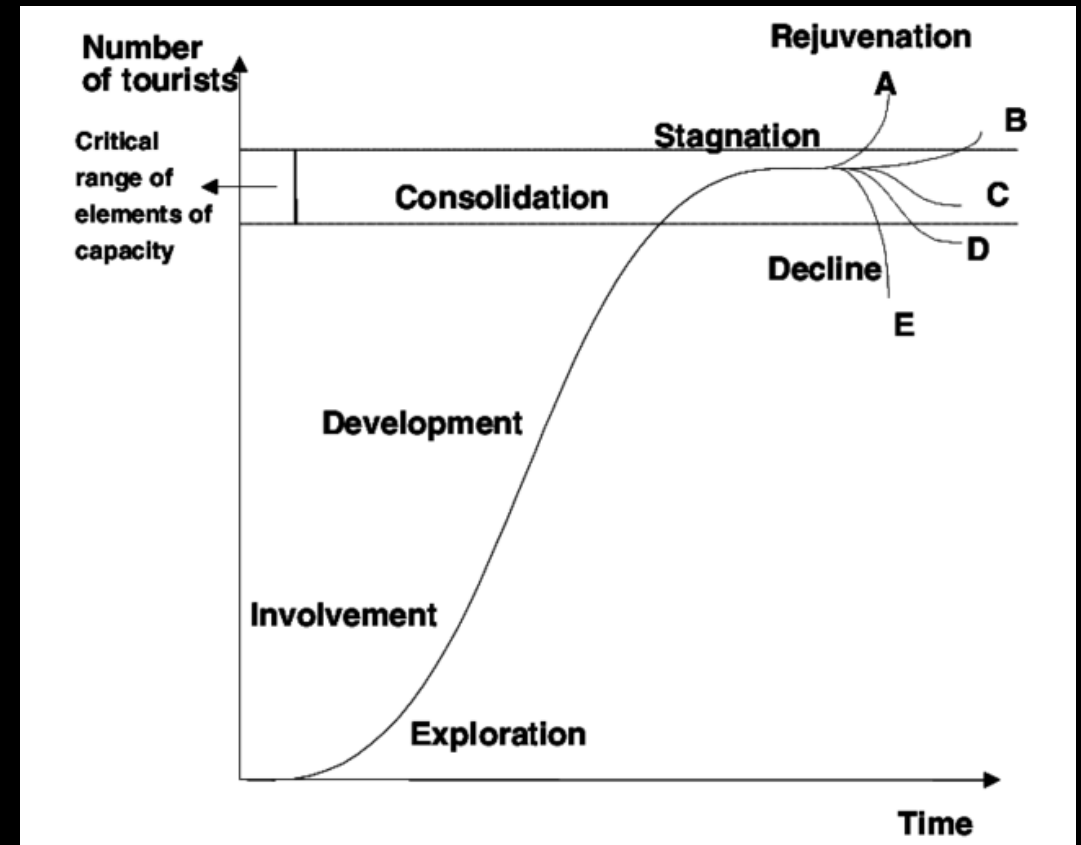
Invited Over





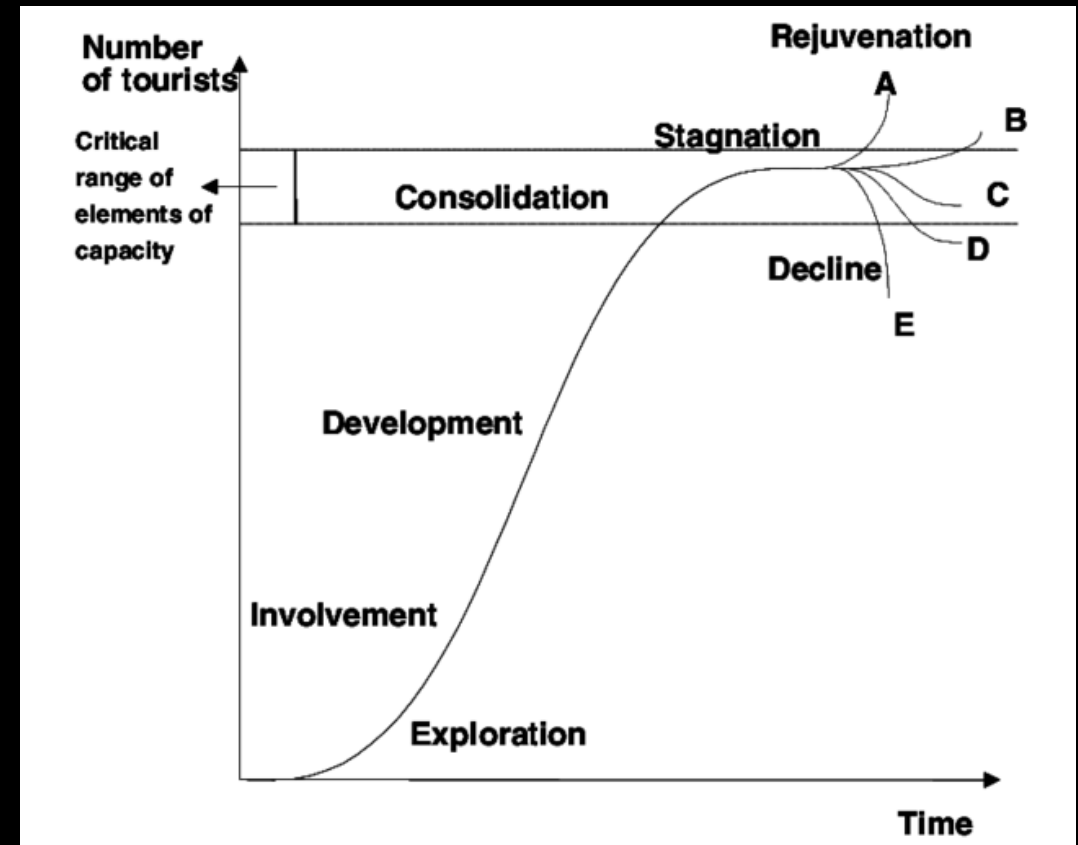
TOURIST AREA LIFE CYCLE

- Tourism areas have been compared to products
- Follow a relatively consistent process of development
- Cycle of evolution



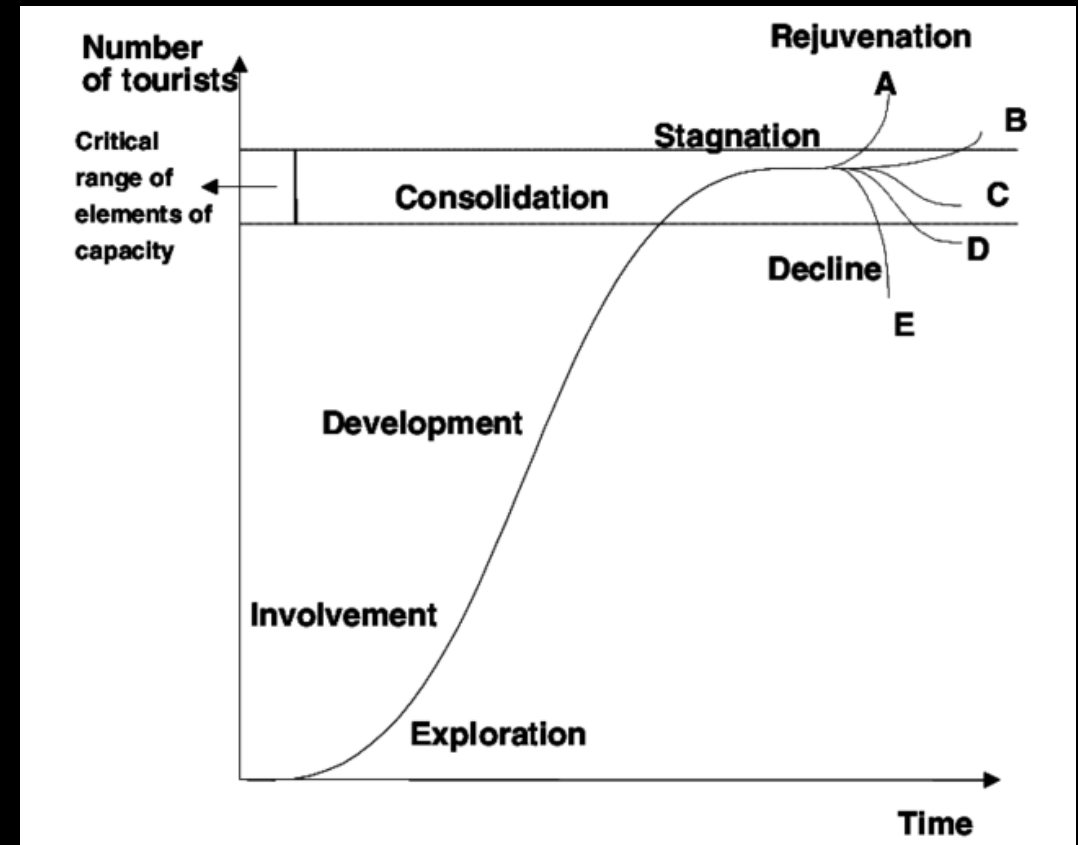
TOURIST AREA LIFE CYCLE

- Exploration
 - Low access to destinations
 - Rudimentary facilities
 - Visitors are exploring for something new
 - Low visitor counts, low impact on residents
- Involvement
 - More residents get involved with industry, provide facilities/tours
 - Basic services provided
 - Initial market area for visitors defined
 - First pressures put on governments and public agencies



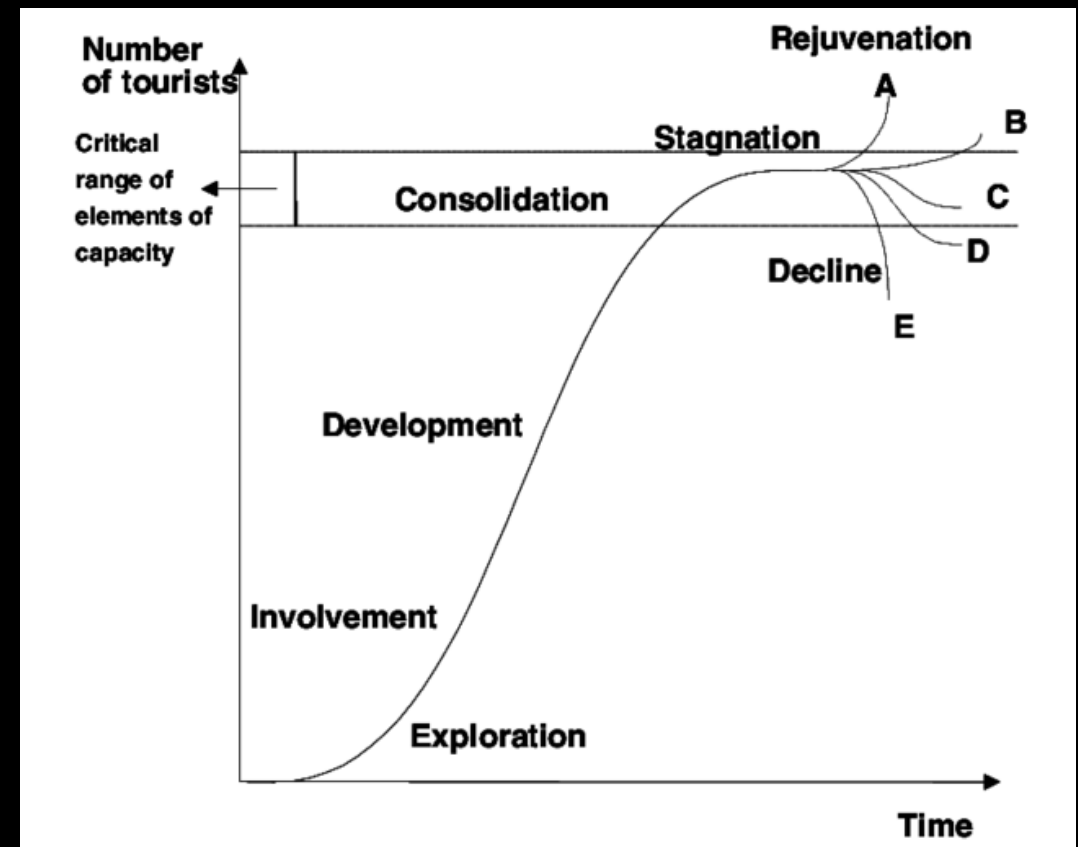
TOURIST AREA LIFE CYCLE

- Development
 - Large numbers of visitors arrive, equal or exceed permanent local population
 - External companies / businesses serve visitors
 - Most important phase of development in improving quality of life for residents and economy
 - Changes in physical appearance of the area will be noticeable
 - Local residents may start developing negative attitude, impinge on the quality of their life



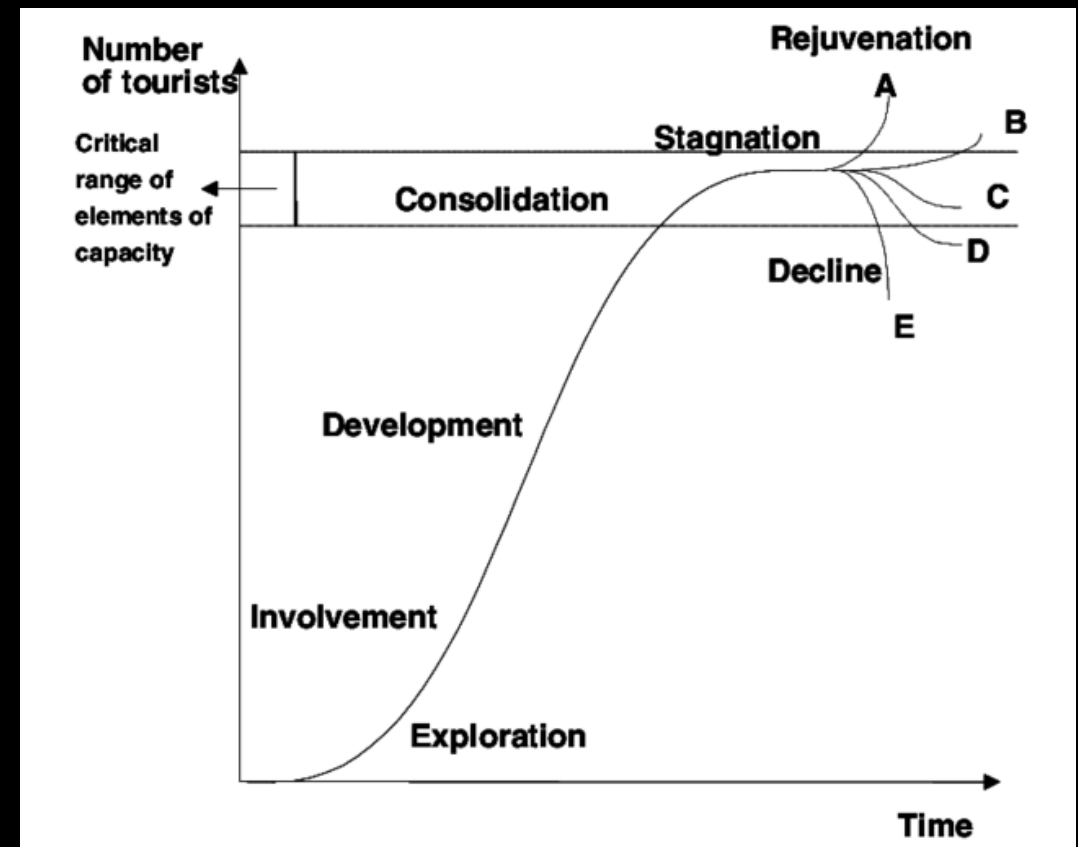
TOURIST AREA LIFE CYCLE

- Consolidation
 - Tourism major part of local economy
 - Rate of increase of visitors has declined but still increasing total number
 - Total visitor numbers exceed permanent residents
 - Deterioration of the quality of life and negative impacts may be felt by residents
 - Residents not involved may have stronger negative attitudes than other stage, annoyance to antagonism



TOURIST AREA LIFE CYCLE

- Stagnation
 - Peak number of visitors reached
 - Repeat visitors
 - Well established image, no longer in fashion
- Decline
 - Not able to compete with newer attractions elsewhere
 - Property turnover will be high
 - Facilities and accommodations converted to non-tourist related structures
- Rejuvenation or Decline



An aerial photograph of a coastal town, likely in Japan, showing a dense cluster of colorful houses (red, blue, yellow, green) built on a hillside overlooking a harbor. A large ship is docked at a pier in the foreground. The image is partially obscured by a semi-transparent blue and white overlay on the right side, where the title and list are located. A decorative rainbow-colored banner is at the top left.

TOURISM SUSTAINABILITY

Proper management and planning ensures destination maintains its environmental integrity and the resources and character that made it attractive in the first place...

- Having a strategy can avoid social and cultural conflicts
- Prevent tourism from affecting local lifestyles and values

“ ...DECISION MAKERS OF DESTINATIONS...PRESSURE TO PROMOTE CRUISE TOURISM BUT THERE IS NO POLICY IN THE LOCAL GOVERNMENTS TO CONTROL THE IMPACTS...

It is very important that destinations have a serious policy of promotion and management of cruise activity.”

“ PORTS TOO OFTEN PERCEIVE THAT THEY NEED THE CRUISE SHIPS MORE THAN THE CRUISE LINES NEED THEM...IT IS A MUTUAL NEED.

Lack of planning...is the guarantee of multiple negative effects in a destination wherever [cruise tourism] exists... like an option for its economic growth.”



SUSTAINABLE TOURISM?

Quick check of sustainability of a strategy:

- How will this decision affect the visitors?
- What are the implications for industry?
- How does this affect the community and residents?
- What will be the impact on the destination's environment or culture?

TOURISM STRATEGY



Interactions between

- the **visitors**,
 - the **industry** that serves them,
 - the **community** that hosts them and
 - the **environment** where this takes place
-
- Built environment and natural resources

COMMUNITY TOURISM STRATEGY

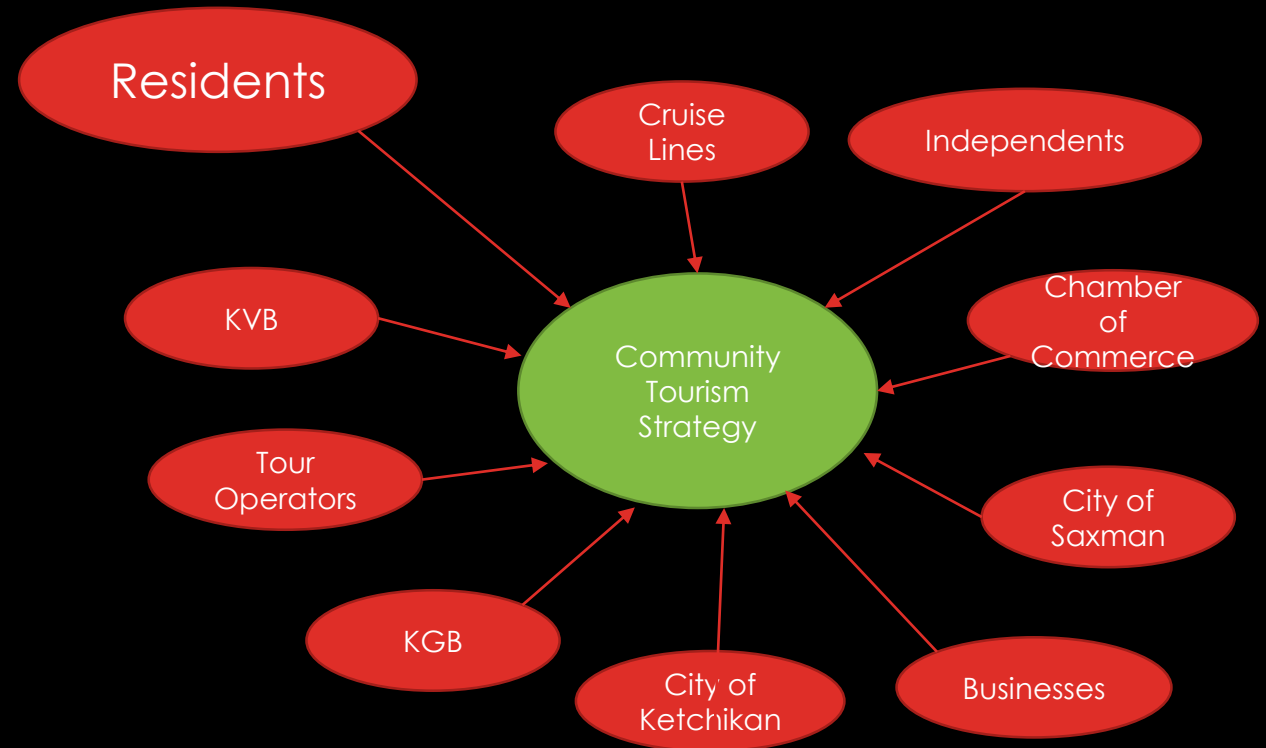
Develop a strategy and vision for the future of tourism in Ketchikan

- Analysis of current situation
- SWOT Analysis
- Set objectives
- Prioritization and selection of areas for focus and investment
- Marketing plans
- Needed regulations
- Evaluation



STAKEHOLDER PARTICIPATION

Work shops, charrettes, surveys,
interviews, and other activities to
develop tourism strategy



BOROUGH'S INVOLVEMENT



- Lead the community in a tourism strategy process
- Residents and industry input
- Neighborhood Plans

DESTINATIONS & AREAS OFF LIMITS

Areas designed for commercial activities and tourism

- Herring Cove
- Mountain Point Lot?
- Specific Trails and Parks?

Areas Off Limits or Restricted

- Maintain Neighborhoods
- Agreements / permits for operators to lead tours
- Reduce resident / tourist conflicts



APPEARANCE & EXPERIENCE

Showing Up



Invited Over

