



City Council Memorandum

To: Mayor Fashbender & City Councilmembers
From: City Administrator Dan Wietecha
Date: October 16, 2023
Item: Tourism Bureau Agreement

Council Actions Requested:

- Approve a two-year agreement (January 1, 2022 through December 31, 2025) with the Hastings Area Chamber of Commerce to continue funding a Tourism Bureau for the purpose of marketing and promoting Hastings as a tourist destination.
- Approve the Tourism Bureau's budget proposal for 2024.

Background Information:

For over 20 years, the City and Chamber of Commerce have partnered to fund a Tourism Bureau for the purposes of marketing and promoting the City as a tourist destination. This partnership is permitted under State Statute 469.190 and also permits the City to impose a 3% lodging tax to fund these efforts. As required under the statute, 95% of the gross proceeds received from the lodging tax go to support the Tourism Bureau. The Tourism Bureau's annual budget is to be submitted for approval by the City each year.

In 2015, the Tourism Bureau Agreement was updated by the City and the Chamber with the intent that it be reviewed every two years. The most recent two-year agreement was for 2020-2021. Since the agreement has expired, it needs to be renewed as well as an extension for the next two-year (2024-2025) cycle.

Financial Impact:

Under the agreement, the City pays to the Chamber 95% of the gross proceeds received from the lodging tax. State statute requires this to be provided to the Tourism Bureau. The amount is approximately \$70,000, projected to increase with the recent opening of The Confluence.

Attachments:

- Tourism Bureau Agreement (2022-2025)
- 2023-2024 Marketing Plan and Budget Overview

TOURISM BUREAU AGREEMENT

THIS AGREEMENT made between the City of Hastings, a Minnesota Municipal Corporation (hereinafter “the City”), and the Hastings Area Chamber of Commerce, a Minnesota Non-Profit Corporation (hereinafter “the Chamber”).

WHEREAS, pursuant to Minn. Stat. §469.190, the City has enacted an ordinance imposing a three percent lodging tax in order to fund a Tourism Bureau for the purpose of marketing and promoting the City as a tourist destination; and

WHEREAS, the Chamber has resolved to establish and maintain a Tourism Bureau with a sufficient facility and staff to carry out the objectives of promoting the City as a tourist destination.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Tourism Bureau.** The Chamber agrees to create and maintain the Hastings Tourism Bureau (hereinafter “the Bureau”). The Bureau shall consist of a Board of Advisors, an Executive Director, and employed staff. The Board of Advisors shall have up to ten members, two of whom shall be appointed by the Hastings City Council, with the remaining eight members being appointed by the Chamber Board. The Chamber shall use its best efforts to appoint up to four of its appointees from the lodging industry in Hastings. The Chamber’s appointees to the Board of Advisors shall initially serve staggered terms, with two Advisors being appointed for one year, two Advisors being appointed for two years, and four Advisors being appointed for three years. The City’s appointees shall be appointed for three years. If appointments after resignations or vacancies would result in non-staggered terms, the Chamber or the City, as the case may be, may subsequently appoint Advisors for terms less than three years to implement staggered terms. The president of the Chamber shall serve as the Executive Director of the

Bureau. The Chamber after consulting with the Board of Advisors shall have the power to hire staff and to lease, rent or purchase equipment or space as required for the Bureau to carry out its obligations hereunder.

2. **Tourism Marketing Services.** The Bureau shall develop and administer programs to advance the economic impact of tourism in the City by attracting visitors, conventions, meetings, trade shows and other like events. The Bureau shall develop and administer such programs in accordance with approved marketing plans developed and/or revised annually by the end of September.

3. **Charges.** All services provided pursuant to paragraph 2 of this Agreement shall be without charge to the person or organization using such services except to cover out-of-pocket expenses and any cost of administration as the Bureau deems appropriate.

4. **Budget.** The Chamber shall submit its annual operating budget for the Bureau for approval by the City by the end of September. Such budget shall detail the uses to which funds shall be spent to provide the services described in paragraph 2 of this Agreement.

5. **Funding.** The City shall remit monthly to the Chamber 95% of the City's gross proceeds received from the lodging tax imposed under City ordinance.

6. **Verification of Expenditures.** The Chamber shall submit to the City a copy of the Bureau's quarterly financial statements, itemized and verified by the Executive Director of the Bureau. The City shall have the right of access to the books and records of the Bureau at anytime during normal business hours in order to audit any item of revenue or expenditure.

7. **Audit.** The Chamber shall have an annual financial audit of the Bureau performed by an independent certified public accounting firm. The Chamber shall furnish a copy of this annual financial audit to the City at no cost to the City.

8. **Indemnification.** The Chamber agrees to indemnify, defend and hold the City harmless from any claims, demands, actions or causes of action arising out of any act or omission on the part of the Chamber, its agents, servants or employees in the performance of, or with relation to, any of the work or services performed or furnished by the Chamber or the Bureau under this Agreement.

9. **Insurance.** The Chamber shall carry appropriate insurance to cover its employees and agents while performing services for the Chamber or for the Bureau pursuant to this Agreement. Such insurance shall provide comprehensive general liability and property damage coverage in such amounts as are comparable with the applicable limits of liability to which the City may be held pursuant to Minnesota Statutes as the same may be amended from time to time. The Chamber shall also carry workers compensation coverage as required under Minn. Stat. Chapter 176.

10. **Term of Agreement.** The Term of this Agreement shall begin on January 1, 2022 and shall terminate on December 31, 2025 provided either party may terminate the agreement following six months advance written notice given by either party to the other party of their intent to terminate this Agreement.

11. **Modifications to Agreement.** Any alteration, variation, modification or waiver of any provision of this Agreement shall be valid only after it has been reduced to writing and duly signed by the parties hereto. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral or written documentation/negotiations relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates below given.

Dated: _____, 2023

CITY OF HASTINGS

BY: _____
Mary D. Fasbender, Mayor

BY: _____
Kelly Murtaugh, City Clerk

Dated: _____, 2023

HASTINGS AREA CHAMBER OF COMMERCE

BY: _____
Its: _____ Chair

BY: _____
Its: _____ President



2023 – 2024 Marketing Plan

This marketing plan document is intended as a guideline for tourism promotional efforts during the year. It was set based on current tourism trends, feedback from local tourism based businesses including lodging and recommendations from the Hastings Tourism Assessment Report.

Executive Summary:

Income:

Based on previous year's, \$75,000 is budgeted for anticipated lodging tax revenue. This is a conservative 7% increase being it's the first year The Confluence Hotel is open.

Expenses:

Printing and Postage - \$8,400

- \$7000 is budgeted for printing and distribution the Hastings Official Visitor Guide and the Hastings Bike Trail Map. More than half of the visitor guides are mailed to highway information centers and tourism centers outside a 50 mile radius of Hastings. We also pay to be in high tourism traffic areas like the Mall of America and the airport. The rest are distributed to local tourism based businesses and mailed to visitors inquiring through the Visit Hastings MN website, AAA and Explore MN.

Ads & Advertising (Print and Online ads) - \$27,000

We will continue to promote vacation stays around seasonal activities and events. Our target market is multi-generational travel and we plan to promote more of our regional assets like access to the twin cities and Treasure Island. Bike trails is a big attraction for the active lifestyle market and will continue a mix of print and targeted online ads to promoting trails in Hastings. Our social media plan will be heavily geared towards promoting events that visitors can enjoy.

- **Minnesota Trails** 4 1/6 page ads (Spring/Summer/Fall/Winter)
- **Minnesota Bike and Hike Guide**
Two page spread with map of Hastings paved trails featuring the 10 mile loop, Mississippi River Trail, and Point Douglas Trail.
- **Summer, Fall and Spring AAA Living - #ONLYINMN** Bike Trails in MN.
Listings include a sponsored story with link to the Visit Hastings Website.
This publication circulates to over 1,030,000 readers in MN, WI, IA, ND & NE. It also produces leads through the AAA website.
- **St. Croix Valley Magazine**
2 page spread with editorial.
This is the only publication that has the rights to distribute in Highway Information Centers across Minnesota and Wisconsin.

- **Electronic billboard ad on Hwy 61 -**
Educating residents on the tourism assets Hastings has to offer was a recommendation in Hastings Tourism Assessment Report. The billboard ad is an effort to capture the attention of Hastings residents who bring visiting friends and family to town.
- **ECM online targeted ads and emails –**
 - Our online ads and targeted emails are separated into 2 market segments, young families near the twins cities that would take advantage of a weekend staycation or day trip; and recently retired couples that are more likely to plan a mid-week stay.
- **Boosted Social Media Posts**

Website - \$1,500

- The VisitHastingsMN.org website host fee.

Management

- A monthly management fee of \$2,220.00 goes towards staff of the Hastings Tourism Bureau office. Staff responsibilities include:
 - Management of the visitors office - phone calls, ensure brochure racks are populated with relevant material, provide welcoming experience to visitors, fulfill publication requests, accounting
 - Maintain the visithastingsmn.org website
 - Populate social media
 - Work with advertisers
 - Coordinate and manage step on tours
 - Work with community partners to create and promote experiences for visitors
 - Submit tourist information on relevant websites and publications
 - Explore MN
 - Minnesota Monthly
 - Organize and maintain records of the Tourism Board of Advisors meetings
 - Maintain the tourism budget
 - Create, print & distribute the Historic Hastings Visitors Guide & Hastings Trail Map
 - Implement the programs suggested by the Tourism Board

\$700.00 of the Chamber of Commerce and Tourism Bureau office rent is budgeted to maintain the highly visible location needed for visitors and \$150.00 a month is allocated for the phone bill.

Hastings Area Chamber of Commerce & Tourism Bureau
Profit & Loss Budget Overview
 October 2023 through September 2024

	Oct '23 - Sep 24
Income	
Lodging Tax Revenue	75,000.00
Total Income	75,000.00
Gross Profit	75,000.00
Expense	
Operating Expenses	
Website Host Fee	0.00
Total Operating Expenses	0.00
Program Expenses	
Tourism Bureau Expense	
Website	1,440.00
Online Ads	16,450.00
Print Advertising	10,910.00
Management Fee	26,400.00
Misc. Exp. Tourism	0.00
Postage	2,400.00
Printing	7,000.00
Rent Expense	8,600.00
Telephone	1,800.00
Total Tourism Bureau Expense	75,000.00
Total Program Expenses	75,000.00
Total Expense	75,000.00
Net Income	0.00