

Destination Marketing Organization Feasibility Study For the Southern Gulf Islands

Prepared by:

The Salt Spring Island Chamber of Commerce

With Assistance from:

Lions Gate Consulting Inc.

September 30, 2017

1 Introduction

1.1 Background

The Southern Gulf Islands (SGI's) consist of spectacular landscapes, unique natural features, water based activities and interesting, creative communities situated between the major population centres of the Lower Mainland and southern Vancouver Island. We provide a natural link between the regional trail and waterway systems of Metro Vancouver and the Capital Regional District/Vancouver Island and the American San Juan Islands.

1.1.1 ETGI History

Experience the Gulf Islands (ETGI) is a unique inter-island community tourism initiative for the Southern Gulf Islands (Galiano, Mayne, Pender, Salt Spring, Saturna), that looks to coordinate and enhance community tourism planning across the region as whole (i.e., both the Salt Spring and Southern Gulf Islands Electoral Areas); explicitly recognizes and seeks to realize the larger social, environmental and economic contributions of community tourism; and looks to build an archipelago-wide mobility network and organization for developing the unique experience that is the Southern Gulf Islands.

With funding from Capital Regional District and the support of EcoPlan consultants, an ETGI planning project was instituted, led by local residents who were organized into teams on each of the islands. Galiano resident and Project Manager, Ed Andrusiak, was a key organizer in the process. Other Gulf Islands community tourism stakeholders also participated in the development of the plan.

Completed in 2016, the Concept Plan provides:

- A summary profile of the Southern Gulf Islands and existing community tourism in the area;
- A guiding, shared, inter-island vision for the future of community tourism in the area;
- Community-defined and prioritized tourism development goals to help guide activities to achieve the inter-island tourism vision;
- A community tourism strategy, with short-, medium- and long-term actions identified;
- A “long-list” of preliminary community tourism opportunities identified by participants through the project that could be implemented or further developed in the longer-term; and
- An overview of next steps required to move the Concept Plan towards implementation.

The initiative is supported by parallel processes to improve mobility to and between the islands (CRD Regional Trails Strategy, Integrated Service Review [community bus & inter-island passenger ferry]), as well as studies that support more detailed development of existing and potential experiences (e.g. Southern Gulf Islands Educational Assessment).

The Concept Plan was also aligned with, and recognized by, Destination BC's (DBC) Destination Development planning (DDP) process. The South Central Island DDP was developed in 2017 as part of Destination BC's Destination Development Program that offers planning assistance to support the ongoing viability of BC's tourism sector. The intent of the Program is to make British Columbia the most

highly recommended destination in North America, improve return-on-investment for government and private sector investments in tourism assets and elevate British Columbia's ability to compete as a premium destination while. The Strategy is also expected to provide strategic direction for the region, guide local and regional tourism planning and foster joint action and inter-community dialogue.

The SCI DDP is influenced by, and where appropriate reflect, complement and leverage, other planning initiatives developed by the Government of Canada, Destination Canada, and the Government of British Columbia. Other elements of the tourism planning landscape, including tourism sub-sector and service initiatives, the promotional activities of Destination Marketing Organizations (DMOs) and local community and regional plans (including ETGI) were all taken into account.

1.1.2 ETGI Goals

ETGI presents a shared and attainable vision of the future. While not explicitly stated, the Vision maintains the environmental conservation and protection ethic that is the foundation of all planning on the islands, and the prime operational directive of the Islands Trust.

An accessible, interconnected archipelago of living, working communities in the Salish Sea, so close to major urban centres and yet worlds apart. This is a special place in every season where residents and visitors alike continue to learn about and experience the diverse places, people, arts & culture, histories and conservation ethic that make the islands unique.

Supporting the vision are five core community goals developed and prioritized by project stakeholders and participants. The goals were first developed through the Experience the Gulf Islands Proposal and refined during the Concept Plan process. They were also influenced by, and closely align with, existing planning and development objectives found in plans and strategies from area governments (Islands Trust, Capital Regional District, Official Community Plans) and other community strategies and initiatives (e.g., community economic development strategies).

The goals were used to evaluate and organize community tourism opportunities and ideas into a more structured and phased timeline. In time, they can be used to monitor the implementation of Experience the Gulf Islands as measures are identified to track them.

- Increase local economic diversity and year-round employment opportunities;
- Build sustainable, low-carbon, inter-island and on-island transportation connections and linkages that limit or lower on-island car traffic;
- Enhance and expand inter-community, organizational and government partnerships;
- Expand enriching experiences of our island communities, histories, cultures, food, arts, and natural environment; and
- Support and promote inter-island and on-island environmental stewardship and protection initiatives. (CEDC 2016)

The key goal of applying for the Rural Dividend Fund was to bring together the ETGI destination development plan and the ESGI marketing plan into one entity: Southern Gulf Islands Destination Management Organization (DMO).

We have identified two core foundation actions:

- **ETGI Committee:** the development of an inter-island ETGI Committee with representation from all of the islands and the key groups and organizations with an interest in ETGI and community tourism. The committee would meet regularly to support ETGI implementation, monitor inter-island community tourism trends and issues, and provide a venue for ongoing community tourism development in the Southern Gulf Islands.
- **ETGI Coordinator:** A paid coordinator would carry out ETGI action implementation tasks as directed by the ETGI Committee and as required by the Concept Plan. They would also coordinate with community tourism stakeholder and work with external partners on specific ETGI actions, along with broader inter-island community tourism projects and initiatives as they arise. Their work will include grant writing (e.g., Rural Dividend Fund, Destination BC grant), sourcing additional funds, supporting volunteer coordination activities for larger inter-island events and activities (which could include sourcing funding for additional staff position to support and help provide organizational assistance to volunteer run community events), and coordinating the ETGI Committee.

1.1.3 Current Marketing

Using this as the basis for a marketing strategy, the Southern Gulf Islands Chambers of Commerce and Tourism Associations successfully applied for funds from the recently established Destination BC's Co-op Marketing program. Funding for 2016 was at \$117,000 (50% matching funds from DBC) and in 2017 is \$132,000 (50% matching funds from DBC).

Our key target markets areas are British Columbia (in particular the Greater Vancouver Area and Southern Vancouver Island), Alberta (Calgary) and Washington State (Seattle). With population sizes of 4,683,139 for BC, 4,196,457 for AB and 7,062,000 for WA, there is a combined population of 15,941,596 within our defined target market. (Stats Canada and US Census).

Major trends in our sector involve increases in experiential tourism, connecting with nature and those seeking time away from busy urban lives. We also see trends in educational tourism and many learning opportunities for youth and adults; many educational programs and workshops take place in the shoulder and off-seasons, which is the primary growth objective in this plan. We have also identified First Nations tourism options in our region. Agritourism and culinary travel are also increasing and we have much to offer in the SGI's, primarily Galiano, Pender and Salt Spring, which feature excellent farm-to-table culinary experiences, quality beverage providers and community markets.

We also see growth potential in small group travel, including corporate, adventure and leisure travel. We are looking at ways to attract incentive travel, pre and post conference travel and soft-adventure travel by domestic and international visitors.

1.2 Purpose

The purpose of this report is to determine the feasibility of, and best option for, a DMO for the Southern Gulf Islands. It is felt that the current situation whereby each of the islands works independently to

market its destination and industry is falling well short of the Southern Gulf Islands regional tourism potential.

In order to create more awareness and generate more visitation to the islands, the feasibility is meant to provide a stepping stone to an eventual self-sustaining DMO by:

- Gaining endorsement from SGI stakeholders for a cooperative DMO initiative;
- Identifying a sustainable organizational model;
- Identifying a sustainable funding model; and
- Outlining a strategic plan for moving the initiative forward.

1.3 Methodology

The content of this report was drawn from the following two primary sources:

- A meeting with the Steering Committee was held on August 10, 2017 on Salt Spring Island. This was followed by a meeting conducted on September 26, 2017, attended by nine participants, to review and discuss the preliminary recommendations for establishing a DMO.
- Desk research on DMO models was carried out in August of 2017 focusing on documents and statistics produced by Destination BC and Destination Marketing Association International (DMAI). This research was used to inform planning meetings and the preparation of this report.

2 Current Situation

2.1 Destination

The Southern Gulf Islands include hundreds of islands and islets that form part of a larger archipelago that extends into the United States. The islands (Gabriola, Galiano, Salt Spring, Mayne, Pender and Saturna) and surrounding waters are ecologically rich and diverse, including home to the last remaining pockets of Garry oak ecosystems and a unique climate of Mediterranean characteristics. Major attractions include:

- Boating in Georgia Strait/Salish Sea
- Gulf Islands National Park Reserve
- Island lifestyle
- Salish Sea Marine Trail
- Tours des Iles
- Arts community

2.2 Local Tourism Trends

Characterising tourism on the SGI is challenging because many indicators such as visitation and spending are either not formally tracked or not reported because of the regions' relatively small size. Moreover, the small business nature of the industry and the fact that many operators "fly under the radar" can make quantifying activity an inexact science.

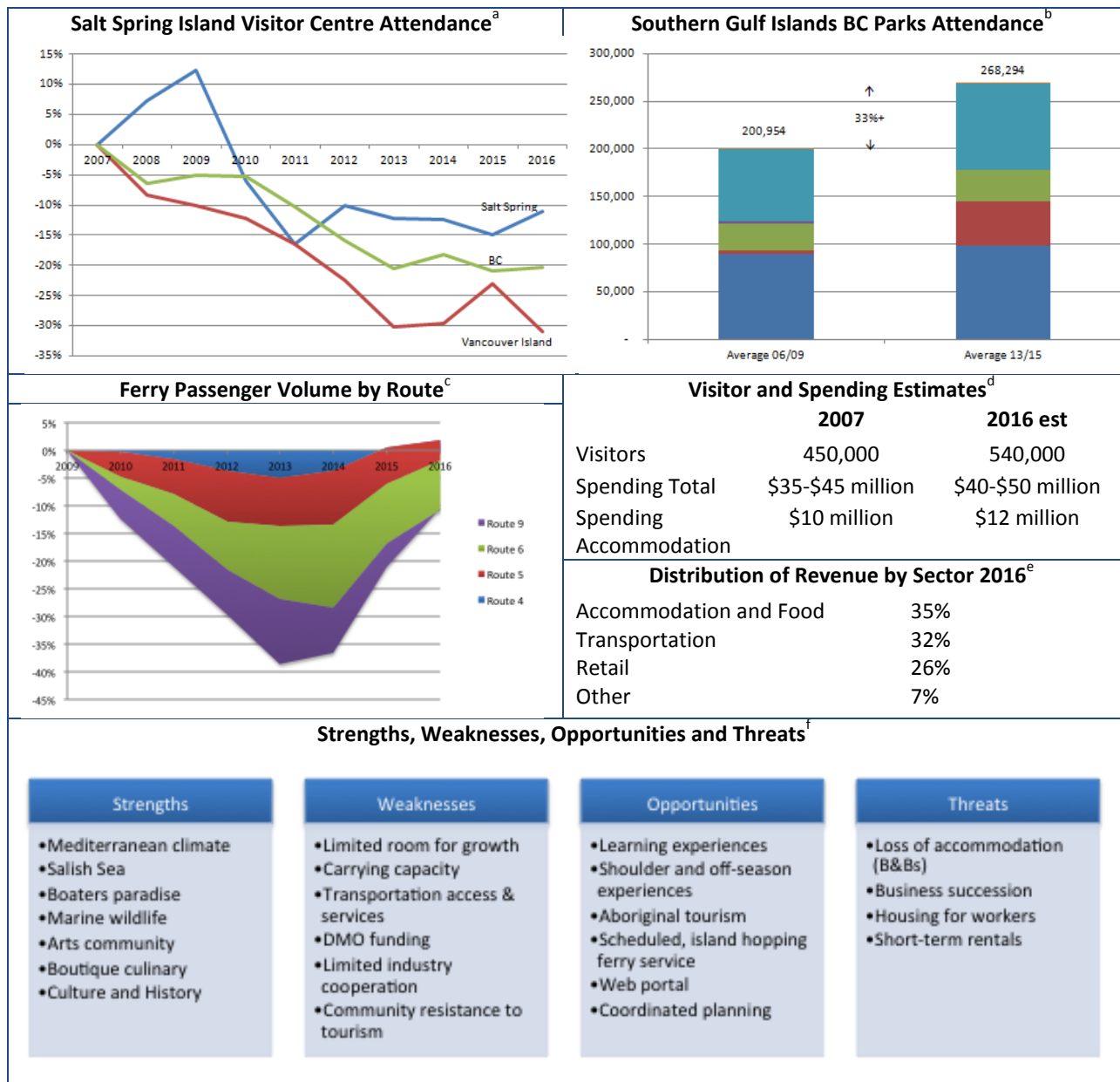
The indicators presented in

Table 1 are meant to give a broad-brush sense of how tourism has performed in recent years and where it might be headed in the future. Salt Spring Visitor Centre attendance declined during the 10 year period ending in 2016, but most of the decline occurred between 2007 and 2011. Attendance since 2012 has been relatively stable. In comparison, total visitor centre attendance on Vancouver Island and in BC has been declining on a relatively consistent basis, it is believed because of the increasing prevalence of technology influences and access to digital forms of visitor information.

BC Parks attendance increased 33% between 2006 and 2015 for the seven parks that track it on the Southern Gulf Islands. The major parks like Ruckle and Montague Harbour Marine are responsible for much of this growth. In contrast, BC Ferry passenger volumes saw a steep decline between 2009 and 2013 but appear to have recovered since then. BC Ferries does not distinguish between resident and visitor traffic so the change attributable to these markets is unknown, but a series of price increases over the last decade is believed responsible for at least some of the decline.

The actual number of visitors and associated spending is not monitored on a regular basis but a visitor exist survey in 2007 study indicated that approximately 450,000 overnight visitors spent between \$35 and \$45 million in that year. Approximately \$10 million was believed spent on accommodation. Using Vancouver Island growth rates since that time, the 2016 estimated overnight market was 540,000, with associated spending of between \$40 and \$50 million. Accommodation spending is estimated at \$12 million.

Table 1 Southern Gulf Islands Tourism Indicators



Source: a Destination BC, b BC Parks, c BC Ferries, d Tourism BC. 2014. Southern Gulf Island Tourism Plan, e Destination BC. 2017. Value of Tourism Trends from 2005-2015, f Destination BC. 2017. South Central Vancouver Island Destination Development Plan Situation Assessment.

The major strengths of the Southern Gulf Islands as a tourism region are its natural environment, culture and history, while its weaknesses relate to infrastructure capacity and industry issues. There are good opportunities for further development and expansion on both the experiences side and in visitor services, but that growth will continue to be challenged by accommodation capacity, worker and succession problems and the emerging issue of short term rentals.

2.3 Stakeholders and Partners

Stakeholders and partners from government and private sector include:

- Regional Government – Capital Regional District Directors / Staff
- Local Government - Islands Trust Trustees / Planners
- Community Economic Development / Sustainability Commissions
- Chambers of Commerce – Board Members / Staff
- Accommodations owners and operators
- Tourism Business stakeholders
- First Nations – community based and regional leaders
- Trail and Nature representatives / stakeholders
- Arts and Culture representatives / stakeholders
- Transportation Providers
- Historical societies and social services groups

2.4 Accommodation Facilities

An important consideration when analysing the feasibility of a DMO is the structure of the local accommodation sector. As will be shown in the following section, accommodators tend to be central to DMO initiatives in Canada, and especially in BC where the Province has instituted a hotel sales tax. Unfortunately, there is no official record of accommodation properties on the Southern Gulf Islands. Moreover, the emergence of the sharing economy and accommodation services like AirBnB and VRBO has created a new level of unofficial supply.

A very loose accounting of properties in the study area suggest there could be as many as 1,200 rooms on the market, although this would be considerably less during the low season. A significant but unknown portion is believed to be either formal accommodation such as vacation rentals and B&Bs that are not subject to PST, or are part of the short-term home-sharing sector, which also is not subject to tax. The total estimated room revenue being generated on the Southern Gulf Islands ranges from \$1.5 million to \$2 million.

2.5 DMO Models¹

In Canada, there are four main DMO/tourism service organizational models, which include:

- Independent, not-for-profit organization
- Division or function of a stand-alone community economic development organization (EDO)
- Division or function of a community Chamber of Commerce
- Division or function of local or regional government

In BC, 33% of DMOs are non-profits, 38% are a division of government and 21% a division of the local Chamber of Commerce. Of communities that have the Municipal and Regional District Tax (MRDT), the majority are non-profits.

¹ Source: Chemistry Consulting. 2014. *DMO Organization Model Options*.

There are a number of areas in the province where communities have come together to support a regional DMO rather than multiple community DMOs (e.g., Shuswap Tourism, Gold Country Communities Society, Nelson Kootenay Lake). Similarly, there are examples of regions where a number of Chambers of Commerce are working together to create a regionally focused marketing plan (e.g., Nakusp, Slocan Valley and Kaslo Chambers).

2.5.1 Independent, Not-for-Profit Organization

Typically, a not-for-profit would be incorporated under the BC Societies Act as an independent entity, distinct from its members. Any funds it collects or receives are used to further the purposes of the society in accordance with its bylaws. It cannot have a share structure or offer shares for sale nor can funds be given to members. A typical model is shown below.

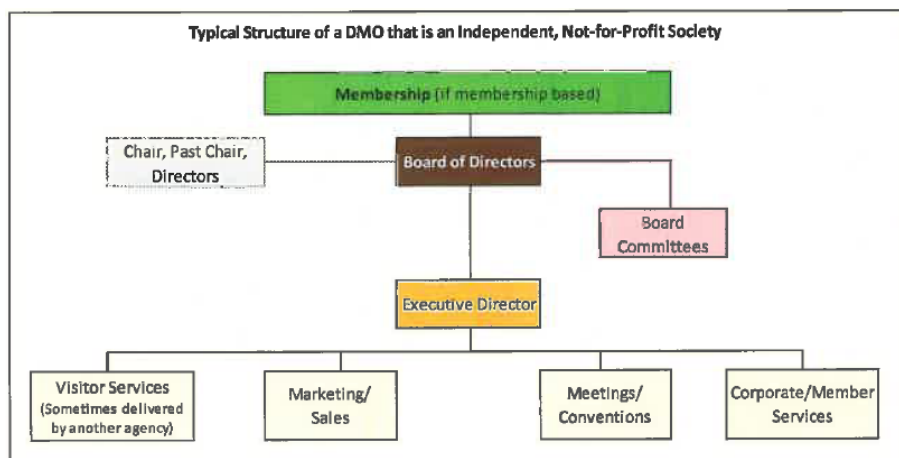


Table 2 Strengths and Weaknesses of the Not-for-Profit Model

Strengths	Weaknesses
<ul style="list-style-type: none"> • Legal status • Limited liability • Standardized constitution and bylaws • Board of Directors • Not subject to taxation • Operational flexibility • Decision-making flexibility • Fund-raising flexibility • Independence from political control 	<ul style="list-style-type: none"> • Time, effort, cost • Annual reporting and financial requirements • Board structure can be complex • Cannot distribute excess funds outside the organization • Board members not paid • May result in duplication of effort with other community organizations

2.5.2 Economic Development Division

Some DMOs in BC are associated with stand-alone economic development offices (EDOs), which may be private development corporations or not-for-profits. EDOs that are not-for-profits would be incorporated and would generally function as described in the previous section but would have a broader mandate and operational responsibilities in that tourism would be one of several functions all related to achieving the economic development objectives of the organization. A typical BC model is shown below.

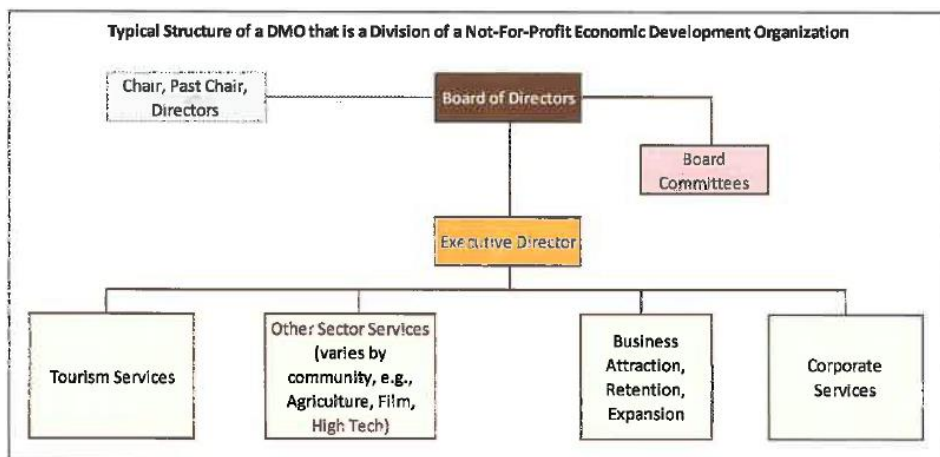


Table 3 Strengths and Weaknesses of the Economic Development Office Model

Strengths	Weaknesses
<ul style="list-style-type: none"> • Legal status • Limited liability • Operational flexibility • Decision-making flexibility • Fund-raising flexibility • Operational efficiencies • Independence from political control • Integration of tourism and economic development mandates 	<ul style="list-style-type: none"> • Time, effort, cost • Annual reporting and financial requirements • Non-traditional DMO model • Funding from membership fees generally limited • Tourism may be a secondary development target • Challenges balancing tourism and other economic interests

2.5.3 Division of Chamber of Commerce

Typically, Chambers that are involved in tourism are focused on the delivery of visitor information services, including operation of the Visitor Centre, and have limited if any involvement in destination marketing. Tourism services represent one component of a broader business development mandate. Chambers of Commerce are not-for-profit membership-based organizations comprised of local business people. They are usually not-for-profit organizations. A typical BC model is shown below.

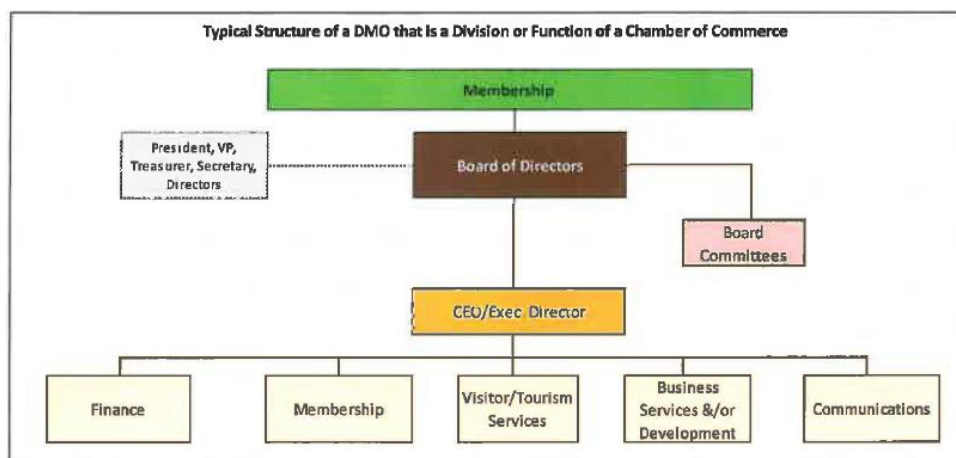


Table 4 Strengths and Weaknesses of the Chamber of Commerce Model

Strengths	Weaknesses
<ul style="list-style-type: none"> • Legal status • Limited liability • Operational flexibility • Decision-making flexibility • Fund-raising flexibility • Operational efficiencies • Independence from political control • Community credibility • Formal linkage to Destination BC 	<ul style="list-style-type: none"> • Main Chamber focus is not tourism • Non-traditional DMO model • Tourism may be a secondary development target • Challenges balancing tourism and other Chamber interests • Potential for uncertainty as to target and purpose of marketing and promotions activities

2.5.4 Division of Local Government

A DMO can be either a local government department or in some cases a committee of Council or Board that has responsibility for tourism. Government staff involved in delivering tourism services typically do so as part of a broader job description and are answerable, via their managers, to elected officials. Activities need to be consistent with government bylaws and plans. It is not unusual DMO activities to be contracted out under a fee-for- service arrangement. A typical BC model is shown below.

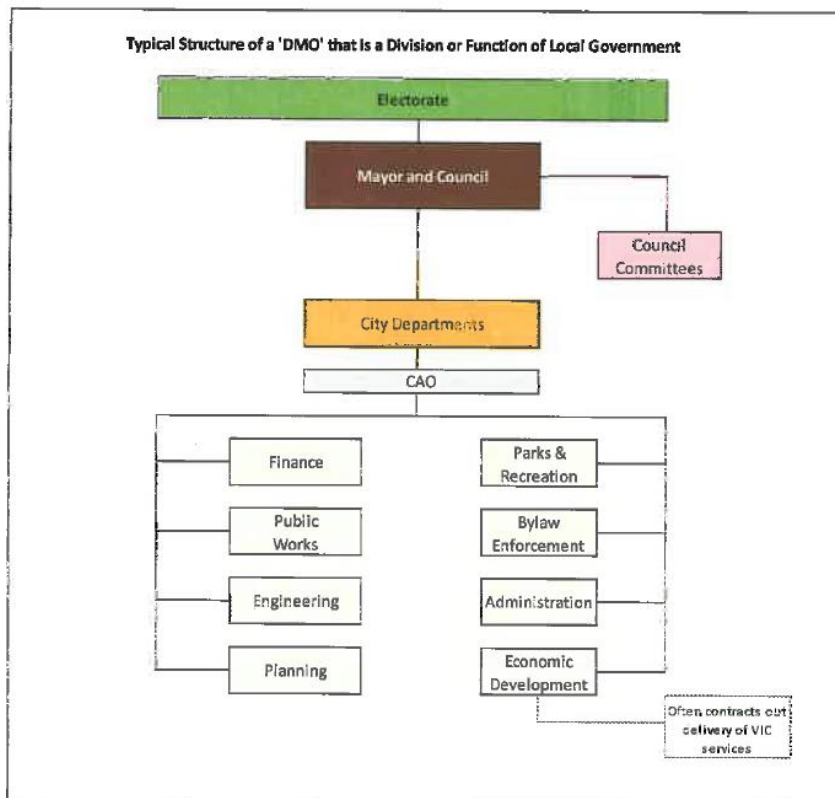


Table 5 Strengths and Weaknesses of the Chamber of Commerce Model

Strengths	Weaknesses
<ul style="list-style-type: none"> • Organizational stability and predictability • Government support and funding • Access to other government staff • Operational efficiencies 	<ul style="list-style-type: none"> • Susceptible to leadership/staff changes • Potential for lack of support for tourism • Potential for conflicts with other interests • Potential for under-engagement with industry

<ul style="list-style-type: none"> • Integration with other tourism-related local government functions (e.g. parks/trails) 	<ul style="list-style-type: none"> • Constrained fund-raising capabilities • Uncertain decision-making process
---	--

2.6 Funding Models

2.6.1 Global Experience

In a recent study of international DMOs, Destinations International found that there were 12 different sources of revenue, and while there were some noticeable differences among jurisdictions in terms of the order of importance most relied on the same suite of five or six sources to fund their DMOs (Table 6). The following are noted exceptions:

- Canada ranks Destination Management Fee as the third-most important revenue source, whereas it is well down the list for most other jurisdictions;
- Canada is least likely to rely on membership dues;
- Sales commissions are important in Europe, much less so for other jurisdictions; and
- The Asia/Pacific region do not rely upon room taxes but instead emphasize fee-for-service revenues.

Table 6 Major Revenue Sources for International DMOs²

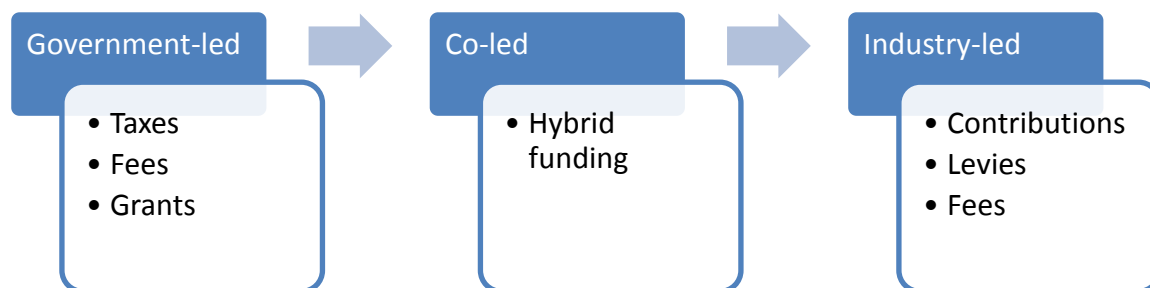
Please rank the top THREE largest revenue sources in your current annual operating budget.

Rank	Current Role	Avg.	United States	Canada	Latin America	Europe	Asia Pacific	Middle East/Africa
1	Room tax	2.37	1	4	2	6	10	5
2	Direct government budget allocation	3.25	5	1	3	1	1	1
3	Membership dues	3.32	3	5	1	2	2	3
4	Sponsorship/partnerships/programs	3.33	2	2	4	3	4	4
5	Other revenue	3.64	4	6	5	7	4	2
6	Tourism improvement district funding (business levy)	3.81	6	9	9	10	7	6
7	Destination marketing fee (consumer levy)	3.90	9	3	12	7	12	6
8	Venue rentals and associated revenues	3.90	10	9	6	5	3	6
9	Destination marketing services (e.g. research, event management)	3.91	8	7	7	7	6	6
10	Sales commissions	3.92	11	8	8	3	10	6
11	Food & beverage tax	3.94	7	9	9	10	7	6
12	Car rental tax	3.97	11	9	11	10	7	6

² Destinations International. 2017. *DestinationNEXT A Strategic Road Map for the Next Generation of Global Destination Organizations*.

2.6.2 Canadian Experience

There is a well defined spectrum of DMO funding models in Canada America, from government-led appropriations on one extent to industry-led contributions on the other, with innumerable hybrids in between. As noted in the previous section, most DMOs rely on multiple sources of revenue, although a select few usually provide core funding for operations. It is beyond the scope of this paper to discuss how individual DMOs fit into this spectrum, but the most obvious example of a government-led model is BC’s MRDT while the Alberta Hotel and Lodging Association’s (AHLA) destination management fund (DMF) represents an industry-led approach with little if any government involvement. For example, Banff and Jasper utilize a destination marketing fee (under the aegis of the Alberta Hotel and Lodging Association) as well as business levies to support destination marketing and management. Since 2004, Ontario has also had an industry-led DMF but it is voluntary with an opt-out feature that has proven controversial, mainly because of uneven application across jurisdictions.



Co-led models are gaining more interest from DMOs because emerging phenomena such as short term rentals are shifting consumer demand and upsetting the cost-benefit relationships of destination development and marketing. One of the questions paramount in the Southern Gulf Islands is how to maximize the reach and effectiveness of destination management and marketing in such a way that is equitable to all players without compromising the underlying visitor experience.

2.6.3 Funding Models in BC

By far the most prevalent funding model in BC is the provincial hotel tax, the MRDT, which is a provincial initiative. DMOs often supplement MRDT revenues with co-op and grant funds, membership fees, merchandise sales and fee-for-service arrangements that may include partnerships with local government. However, it is believed very few MRDT communities are receiving fixed annual contributions from local government.

The exception to this observation are the resort communities like Whistler, Sun Peaks, Tofino and Ucluelet that are subject to provincial resort legislation that allows them to advance destination development through the use of business levies.

There are a handful of industry-led DMOs but they do not rank among the provincial leaders. Hoteliers in Merritt established a voluntary destination management fund model to support activities of the Nicola Valley Tourism Association after de-registering for the provincial hotel tax. The town of Fernie used to have a volunteer marketing consortium before they moved to the hotel room tax model in 2007.

So the BC model can best be characterized as government-led with supplementary funding often accessed from other sources. Very few organizations have industry-led funding models. Clearly, having multiple forms of funding diversifies the revenue stream and offsets disadvantages associated with each funding source to provide for more sustainable, long-term funding.

Table 7 Basic DMO Funding Options in British Columbia³

Funding Option	Observation
2% Additional Hotel Room Tax	<ul style="list-style-type: none"> • In place in 90+ communities around the province • Requires agreement from 51% of properties (4+ rooms) & 51% of units • Provides sustainable long-term funding which will grow as occupancy grows • Raises the issue of 'equity', given large inventory not subject to 8% PST • The 2% is in place for 5 years and requires reapplication
Regional government funding	<ul style="list-style-type: none"> • A number of Regional Districts play an active role in funding tourism, especially where there is no municipal government/funds to rely on • Requires discussions with the regional district regarding a grant-in-aid or 'tourism tax'
Memberships or pay-to-participate/stakeholder model	<ul style="list-style-type: none"> • Membership fees could be raised to generate new revenue for tourism development and promotion, either through the Chamber or other lead organization • Some potential for competition with existing chamber membership funds • Alternatively, a stakeholder model would be based on a pay-to-participate principle
Voluntary business levies	<ul style="list-style-type: none"> • Uses business licence bylaw to raise a surcharge for tourism • Not viable in unincorporated areas with no business licence system • Alternatively, the business community could commit to a voluntary tourism levy • Possibility of a voluntary 'pillow' levy for accommodation properties of <4 rooms
Earned revenue	<ul style="list-style-type: none"> • Consideration could be given to advertising/racking sales or other services that could generate funds include a reservation service and retail sales
Partnership programs	<ul style="list-style-type: none"> • Programs, such as Destination BC's Co-op Marketing Partnerships, offers cost-sharing opportunities (50/50) for qualifying open/reserved pool projects

³ Tourism BC. 2009. *Community Tourism Foundations Program Situation Analysis Salt Spring Island*.

3 Strategy Recommendations

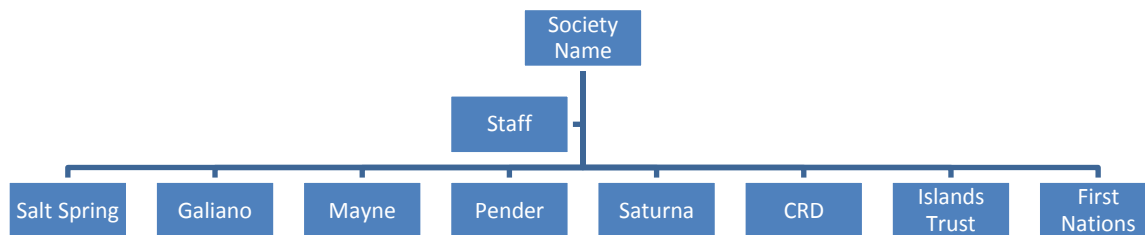
3.1 Organization Development

Strategy 1: Establish a non-profit society to host an ETGI DMO

Rationale: The majority of DMOs in the province are non-profit corporations, incorporated in BC although they may be organized at the federal level. At the moment, there is no reasonable alternative that will provide structure and direction for a DMO. The Chamber and Economic Development office models do not resolve the biggest challenge for the Southern Gulf Islands, that is, a DMO that acts with an effective, unified voice that is also fairly representative of all five islands. The local government option, which in this case would be the Capital Regional District (CRD), would partially address this, but at the risk of alienating some tourism operators. The major advantages of the non-profit model is that it is a proven approach, one that can be clearly structured and controlled by stakeholders, and provides clarity and accountability in terms of legal and financial issues.

Tasks:

1. Appoint an individual or organization for establishing the society.
2. Obtain and review non-profit society [incorporation documentation](#).
3. Contact DBC to determine the type of society (ordinary versus member-funded) most appropriate for MRDT designation, should that option be considered as a funding source.
4. Submit a name request to [Societies Online](#).
5. Use the name request reservation number to open the rest of the incorporation application.
6. Confirm a membership structure prior to the final application. A suggested board structure discussed at the September 26 planning meeting is shown below. An eight-person board would represent each of the five islands, as well as both local governments and First Nations. Additionally, the board would represent different tourism sectors, including accommodation, hospitality (e.g. restaurants), infrastructure (e.g. transportation) and other services (e.g. tour companies, agri-tourism). In the end, the membership structure should ensure equity and fairness among all islands as partners. There would be a nominal membership fee as funding would be from other sources.
7. Create bylaws and a constitution that imbue destination development with the concepts of sustainability and innovation. This was a major discussion point at the September 26 planning meeting.



Timing: Immediate **Resources:** Moderate time commitment, nominal cost of application **Partners:** ETGI

Strategy 2: Initiate stakeholder communications

Rationale: The entire effort to establish a DMO must be preceded by stakeholder outreach, most notably among tourism operators and accommodators. There are countless examples of DMO initiatives going sideways because of the lack of understanding and miscommunications about purpose and direction. The DMO effort has already been clearly laid out in the Concept Plan so there is already broad-based stakeholder involvement in the destination development process and of course the existing marketing of the Southern Gulf Islands through DBC programs. What has not been fleshed out or thoroughly explored is the funding model, probably the single-most important aspect of DMO operations.

Tasks:

1. Convene a ½ day workshop to prepare a communications plan for gaining stakeholder support for the DMO.
2. Prepare a terms of reference or agenda for the workshop on plan components, including rationalization for the DMO, goals of the plan, messaging, audience prioritization, calendar, outreach strategies, mediums such as social media, budget and evaluation procedures.
3. Identify a separate strategy for reaching out to First Nations.

Timing:	Q1 2018	Resources:	Moderate time commitment	Partners:	ETGI, CRD, Islands Trust, chambers, FN
----------------	---------	-------------------	--------------------------	------------------	--

Strategy 3: Conduct research on potential member services

Rationale: A DMO, however funded, should provide member services that would encourage stakeholder support and enthusiasm. It is expected that the majority of funds raised would be expended on marketing and destination development, which of course would benefit all tourism stakeholders as well as the community at large. However, it would be much easier to build support and recruit champions if value-added services were offered, ideally to facilitate market and export-ready businesses. Three ideas discussed during the August and September planning meetings were a booking service, a smart-phone app to engage visitors and enhance their experience while travelling on the islands, and an accreditation system. The smart-phone app is already included in the South Central Vancouver Island DDP so there would be partnership opportunities with TAVI going forward. The app would be a “portable concierge” that would address some of the more challenging aspects of travel on the islands, such as coordinated transportation services. The accreditation could be designed and integrated with the smart-phone app. For example, an ETGI “seal of approval” could be offered to properties who are members of the society and featured on the app.

Tasks:

1. Conduct research on both a booking engine and smart-phone app as potential member services.
2. Request assistance from TAVI on best practices and example jurisdictions.
3. Prepare development concepts for each of these services and how they might be rolled out to members.

Timing:	Q1 2018	Resources:	Moderate time commitment	Partners:	ETGI, TAVI, chambers
----------------	---------	-------------------	--------------------------	------------------	----------------------

3.2 Funding Formula

Strategy 4: Build support for the MRDT

Rationale: The MRDT is the best option for funding a DMO in BC, but it can be challenging to approve and implement, especially if the accommodators currently paying provincial sales tax (PST) who would be collecting the additional tax are skeptical or resistant to its use. As was evident during the planning meetings, many accommodators would be lukewarm to the MRDT and there has already been concerns expressed about segments of the accommodation sector that would benefit from tourism marketing but not having to pay anything to receive those benefits. There is apparently a large inventory of rooms not subject to PST who would not be collecting MRDT or otherwise contributing to tourism marketing and destination development efforts. Similar concerns exist elsewhere in the province, yet the MRDT has proved successful and well supported in over 80 communities. It is arguably the best funding solution to addressing what the Concept Plan has indicated is a major need on the Southern Gulf Islands—consistency and unity in tourism marketing, communications and branding.

Tasks:

1. Prepare an inventory of accommodation, including home-sharing properties. TAVI is building a tourism asset inventory for all of Vancouver Island and can be asked for assistance in sharing their data.
2. Conduct an online survey of accommodators to gauge level of support for the MRDT and related issues or concerns.
3. Create an outreach campaign that educates and informs stakeholders about the MRDT program and its successes around the province.
4. Host an information forum, with invited guests from Tourism Association of Vancouver Island (TAVI), Sunshine Coast Tourism and Tourism Victoria. Shuswap Tourism (Salmon Arm) and Gold Country Tourism (Cache Creek) are other regional DMOs that merit some attention and consideration as good practices.
5. Through the outreach process, recruit MRDT “champions” on each island.

Timing:	Q2 2018	Resources:	Moderate time commitment, \$2,000 for survey and outreach	Partners:	TAVI, DBC, Accommodators, Chambers
----------------	---------	-------------------	---	------------------	------------------------------------

Strategy 5: Establish a Destination Management Fee

Rationale: Even if the MRDT were to succeed on the Southern Gulf Islands, it would not be in place for at least two years, if not longer, and perhaps would be contingent on other forms of funding being made available. A DMF should therefore be established for supporting core funding and leveraging other sources. As noted in Section 2.6.2, DMFs can come in many forms, although they tend to be sanctioned by the accommodation industry itself and are based on an additional tax mechanism very similar to the MRDT. If the MRDT is going to be pursued then a DMF based on an additional tax would be redundant. Moreover, it would not provide a solution to tourism operators other than accommodators contributing to destination development and marketing funding. A proposed solution is a DMF model that is based on memberships or subscriptions, for example per facility or per room for accommodators and a flat fee for other operators. This would be much easier to implement and administer and would likely be better supported by operators.

Tasks:

1. Prepare an inventory of tourism operators so there is an understanding of potential members or designated subscribers. This can be included as part of the accommodation inventory noted above.
2. Research DMFs in other regions for best practices and lessons learned.
3. Develop a roster of membership categories and associated fee scale. A simple \$50 per room could generate as much as \$60,000 annually at a 100% subscription rate, although it is recognized that take up would be less than that.
4. Meet with the chambers to address and mitigate potential adverse impacts on their own membership lists.
5. Develop a conversion or migration strategy for accommodators paying the PST who would be subject to the MRDT should it be established (so accommodators are not paying for both).
6. Prepare a program guide that describes the purpose of the DMF, the anticipated budget and use of funds. The guide would be used to launch the program and recruit members.

Timing: Q2 2018**Resources:** Major time commitment**Partners:** TAVI, chambers, tourism operators

Strategy 6: Identify sustainable options for local government funding

Rationale: The CRD has expressed preliminary support for contributing to DMO funding through its economic development committees of the two involved electoral areas. One option discussed at the September 26 planning meeting was the creation of a business licence initiative linked to local zoning that would serve as a source of funds. This idea would undoubtedly encounter resistance from local business not to mention the logistical challenges of implementation. Nevertheless, the CRD has been an important partner to date on the ETGI initiative and equally important as a future player in destination development.

Tasks:

1. Request that the CRD investigate a business licence scheme as a mechanism for DMO funding.
2. Review Gold Country Tourism's funding model, which is derived almost exclusively from local government.

Timing: Q4 2017**Resources:** Minor time commitment**Partners:** CRD

Strategy 7: Apply for MRDT

Rationale: Pending a sufficient level of expected support, an application should be made for the MRDT. As the predominant model for DMO funding in the province, it is the most viable long term solution to a well supported tourism marketing and development organization. The application, presuming adequate accommodator support has been achieved, will take about two to three months to prepare. Once submitted it will take at least nine months before DBC and the Ministry of Finance will approve and initiate tax collection and remittance.

Tasks:

1. Monitor the level of support among accommodators and confirm MRDT thresholds (51% of PST properties representing 51% of rooms) can be met prior to preparing an application.
2. Obtain [application documentation](#) from DBC.
3. Obtain approval of the CRD.
4. Complete all necessary schedules and evidentiary documentation.
5. Apply for designation.

Timing: Q1-Q4 2019

Resources: Major time
commitment

Partners: DBC, TAVI
