

# Kenai Peninsula Borough

## Office of the Borough Mayor

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### MEMORANDUM

**TO:** Kelly Cooper, Assembly President  
Members, Kenai Peninsula Borough Assembly

**FROM:** Charlie Pierce, Borough Mayor 

**DATE:** December 3, 2019

**RE:** Veto of Ordinance 2019-19-15, Appropriating Funds to Award a Grant to the Kenai Peninsula Tourism Marketing Council to Support its Planned Projects to Promote the Borough (Hibbert)

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For the reasons discussed below, I hereby veto ordinance 2019-19-15, which appropriates \$150,000 for a grant to the Kenai Peninsula Tourism Marketing Council (KPTMC).

This is a special appropriation outside of the budget cycle which is when the annual budgetary spending levels are established. It is also a substantial increase over the \$100,000 for FY 2020, which was vetoed during that process. In contrast, this is \$150,000 for a 6-month period with no explanation supporting the increase, setting a bad precedent.

Also, this process is outside of the standard process followed for awarding these grants. Normally the assembly annually approves program objectives in the budget, which is before any application can be approved per the code. This ordinance requires the applicant to submit its program objectives to the assembly for approval six months after the budget has been approved. While the ordinance requires the objectives to be approved before the grant may be awarded, this process sets a bad precedent inconsistent with the annual cycle for considering all such applications simultaneously.

In my opinion the actual impact KPTMC has had on the tourism industry is highly speculative. To date I have not seen any data showing it has increased tourism in the borough. I had a good meeting with the new contractor for KPTMC who believes they will be able to develop the tools to provide such data. However, in my view it is premature to fund an agency that, after almost 30 years of public funding, has yet to demonstrate its impact on the tourism industry.

Additionally, this \$150,000 is more funding than was granted to either the Kenai Peninsula Economic Development District or the Small Business Development Corporation; both of which have provided the borough with measurable results. Again, this sets a bad precedent.

Further, I think the assembly should give serious consideration to soliciting competitive proposals for tourism and marketing instead of using a grant program.

Finally, the financial outlook for this borough remains uncertain. My administration has been working hard to save money so that an increase in taxes would not be needed to continue to provide the primary services it currently provides. We were fortunate this year to receive more revenues than predicted in addition to saving substantial sums with reduced personnel and other costs, but there is no guarantee of similar such revenues in the future.

AS 29.20.270 provides that a veto may be overridden within 21 days following the exercise of the veto or during the next regular meeting, whichever is later. The next regular assembly meeting is January 7, 2020, which is more than 21 days after the date of this veto.