



AGENCY: City Council
MEETING DATE: June 27, 2016
DEPARTMENT: Community Devel.
PRESENTED BY: J. Owen

AGENDA ITEM SUMMARY REPORT

TITLE:

RECEIVE ANNUAL REPORT AND CONSIDER APPROVAL OF FORT BRAGG PROMOTION COMMITTEE FISCAL YEAR 2016/17 MARKETING PLAN AND BUDGET

ISSUE:

Since December 2010, the Mendocino Coast Chamber of Commerce (Chamber) has provided administrative support and oversight for the Chamber Fort Bragg Promotion Committee (CFBPC) per a Professional Services Agreement (Agreement) between the City and the Chamber. On June 22, 2015, City Council approved a new and updated Agreement that included substantive changes to the Consultant Scope of Work. A proposed amendment to extend the 2015 Agreement through Fiscal Year 2016/17 with updated budget amounts is included on the Consent Agenda for this meeting. Per terms of the Agreement, the CFBPC annual marketing plan and budget is to be approved by the CFBPC and Chamber board, presented to the Community Development Committee (CDC), and then considered for approval by City Council each year in conjunction with the City's annual budget process. The FY 2016/17 Annual Marketing Plan and Budget has been approved by the CFBPC and Chamber Board, and the CDC has recommended approval. The CFBPC and the Chamber of Commerce will be present to review and answer any questions about the CFBPC's 2015/16 activities and proposed FY 2016/17 One Year Marketing Plan and Budget.

RECOMMENDED ACTION:

Approve Fort Bragg Promotion Committee Annual Report and Fiscal Year 2016/17 Marketing Plan and Budget.

ALTERNATIVE ACTION(S):

Recommend changes to the proposed FY 2016/17 Marketing Plan and Budget. Per terms of the Agreement, any recommended changes would in turn need to be approved by the Chamber.

ANALYSIS:

Per terms of the June 22, 2015, Agreement, CFBPC and Chamber representatives met with the Community Development Committee (CDC) on January 26, 2016, to present a mid-year progress report. CFBPC and Chamber members met again with the CDC on May 17, 2016, to present a progress report along with the draft "2016/17 One Year Marketing Plan and Budget" (the Plan). The 2016/17 Plan has been adopted by the CFBPC and approved by the Chamber.

At their May 17, 2016, meeting, the CDC was asked to review and make recommendations regarding the 2016/17 Plan. In conjunction with consideration of the Plan, the CDC was also asked to consider whether the CDC should recommend extension of the existing Agreement between the City and the Chamber for CFBPC administration for up to one year, to June 30, 2017.

On March 28, 2016, City Council discussed and authorized preparation of a general tax increase measure for the November 2016 ballot that would increase the Transient Occupancy Tax (TOT) by 2%. If approved, 1% of the TOT increase would be directed towards marketing and promotion. This would provide additional funding estimated at \$200,000 per year to supplement current CFBPC funding levels. If the measure passes, the effective date for the TOT increase would be

April 1, 2017, and the City would receive the increased revenues beginning in May 2017. City Council directed that marketing and promotion should remain with the CFBPC administered by the Chamber until or unless the TOT measure passes. However, City Council did not specify whether the Chamber administration should continue past the November 2016 election date, if the measure passes.

The CDC recommends that since any increased marketing and promotion funding from the TOT measure, if successful, would not be received until the end of fiscal year 2016/17, the Chamber should be contracted to administer the CFBPC for the entire fiscal year ending June 30, 2017. A First Amendment to the original Chamber Agreement dated June 22, 2015, is included on the Consent Agenda for this meeting.

In addition to their report of activities and presentation of the 2016/17 Plan to the CDC, the CFBPC recommended and requested authority to use the name "Visit Fort Bragg" in their promotional materials, rather than "Fort Bragg Promotion Committee." The Visit Fort Bragg name is more recognizable and is used by most visitor-serving entities. The CDC approved use of the Visit Fort Bragg name.

Per the CDC's recommendation, the annual Marketing Plan and Budget as presented allocates funding for the entire FY2016/17 promotional budget. The proposed FY 2016/17 CFBPC budget totals \$81,423, which is an increase of 12% (\$8,853) over the prior year budget. As in prior years, the CFBPC budget is comprised of:

- (a) 4% of the prior year Transient Occupancy Tax (TOT) received in FY 2014/15 or \$75,423; plus
- (b) an additional City contribution of one-half of the annual Chamber Administration fee, equal to one-half of \$12,000 or \$6,000, which has been provided since the original Agreement was approved in November 2010.

The format of the proposed 2016/17 Plan is the same as adopted in prior years, with focus on three major promotional strategies:

- Increase Transient Occupancy Tax (TOT)
- Generate Sales Tax Revenue; and
- Enhance the Image of Fort Bragg

The CFBPC proposes to continue most efforts in place from prior years to implement the above strategies. Proposed budget allocations and significant changes to prior strategies are described below.

Goal 1: Increase TOT

Proposed percentage of total funding is 67% as compared to 62% last year. Proposed methods in the budget year are similar to prior years but have been more clearly defined in the budget year to delineate promotion efforts between "off line" and "on-line" promotion. As proposed, "off line" tasks including Public Relations, radio ad campaigns and print media are allocated \$21,800. The total for "on line" tasks including web-based blog, social media, and video productions, is \$30,200. A third category within the TOT goal is FortBragg.com website maintenance, administration and enhancements, which is allocated \$3,000.

The biggest change in the "off-line" category is an allocation of \$14,800 to increase radio advertisements in key geographic areas (Bay Area, Sacramento, and inland Northern California) to attract visitors in non-peak seasons. In the "on line" category, a budget of \$5,000 for cost of Facebook advertisement "boosts" has been added where in prior years only cost of writing web

and social media content was included in the budget.

Goal 2: Generate Sales Tax Revenue

Proposed percentage of total funding is 15% as compared to 12% last year. The \$12,000 budget is allocated to 4th of July contribution (\$3,000), Business Listing updates and communications (\$3,000), and focus on a Shop Fort Bragg campaign (\$5,000). The primary change from the 2015/16 budget is replacement of the shopping map task with a broader range of Shop Local efforts.

Goal 3: Enhance Image of Fort Bragg

The proposed budget allocation of \$1,100 or 1.4% of the total budget is significantly reduced from the prior year because there is no FY 2016/17 allocation to purchase decorations including banners. The CFBPC spent just over \$14,000 in the past three budget years on holiday decorations and banners. For FY 2016/17, funding is focused on alternative promotional methods. Funding for the American Flag Displays and promotion of the California Coastal National Monument remain in the budget.

FISCAL IMPACT:

The CFBPC's promotional activities have a beneficial fiscal impact as they focus on promoting Fort Bragg as a travel and retail destination for the purpose of increasing spending within the City. Increased spending benefits local merchants and in turn generates additional tax revenue, thereby sustaining and expanding tourism and retail income and employment within Fort Bragg. The formula for funding the CFBPC at 4% of Transient Occupancy Tax (TOT) has been in place since before the transfer of administration of the CFBPC to the Chamber. In addition to transfer of TOT, the City also provides funding for one-half of the \$1,000 per month CFBPC administration cost with the remainder funded from the CFBPC budget. This administrative funding provides a net fiscal benefit to the City because it has resulted in a significant reduction in City staff time devoted to CFBPC activities.

CONSISTENCY:

Funding and tasks included in the proposed CFBPC 2016/17 Marketing Plan and Budget are consistent with objectives and strategies included in the City's Economic Development Strategy 2014-2019. Specifically, support for the CFBPC activities is included in the Economic Development Strategy Priority 1: Jobs, Strategy 1.5, Tactic 3, re: the online Business Directory. Funding of the CFBPC is also recommended in Priority 2: Tourism, Strategy 2.2 "Continue to Provide Excellent Tourism Marketing & Support Eco-Tourism (Ongoing); and in Strategy 2.4, regarding provision of downtown events.

IMPLEMENTATION/TIMEFRAMES:

If approved by City Council, the CFBPC Marketing Plan and Budget will guide Promotion Committee activities for FY 2016/17. The CFBPC budget is contingent upon City Council's adoption of the City budget on June 27, 2016. The Agreement between the City and the Chamber of Commerce for continued administration of the CFBPC by the Chamber for FY 2016/17 is to be considered by City Council as a Consent Calendar item on this agenda, after adoption of the City's FY 2016/17 Budget.

ATTACHMENTS:

1. Proposed FBPC 2016-17 One Year Marketing Plan and Budget
2. Scope of Work from Agreement dated June 22, 2015.

NOTIFICATION:

1. Sharon Davis, Mendocino Coast Chamber of Commerce

2. CFBPC members: Caitlin Alexander, Chair; Debra De Graw, Vice-Chair; Mary Knoerdel; Katie Carr, Ginabelle Smith.

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Agency Action	<input type="checkbox"/> Approved	<input type="checkbox"/> Denied	<input type="checkbox"/> Approved as Amended
Resolution No.:	_____	Ordinance No.:	_____
Moved by:	_____	Seconded by:	_____
Vote:	_____		
<input type="checkbox"/> Deferred/Continued to meeting of:	_____		
<input type="checkbox"/> Referred to:	_____		