



CITY OF FORT BRAGG

416 N. FRANKLIN, FORT BRAGG, CA 95437
PHONE 707/961-2823 FAX 707/961-2802

COUNCIL COMMITTEE ITEM SUMMARY REPORT

MEETING DATE: May 30, 2017
TO: Community Development Committee
FROM: Marie Jones & Jennifer Owen
AGENDA ITEM TITLE: **Receive Report and Provide Recommendation to City Council Regarding the Administration of Visit Fort Bragg 2017/18 Fort Bragg Marketing & Promotions Action Plan**

ISSUE:

On April 25, 2017, the CDC requested that staff prepare: 1) a summary of alternative management strategies for the TOT marketing effort at the next CDC meeting; 2) bring draft RFPs for consultant services to the CDC for review and discussion prior to bringing them to the City Council. This staff report addresses item #1 above.

BACKGROUND:

Over the years the City of Fort Bragg's marketing and promotional activities have been managed by the Chamber of Commerce, the Visit Fort Bragg Committee (formerly the Fort Bragg Promotion Committee) and City staff.

At one time, all of the City's promotional activities were managed by the Chamber. In 2002, the City created the Fort Bragg Promotion Committee (FBPC) and brought all promotional activities in-house while continuing to provide partial funding to the Chamber for operation of the Visitor Center. The FBPC was a very hands-on group of volunteers and staff support was provided by the Community Development Department. The City Council appointed FBPC members and the committee operated in accordance with the Brown Act.

In 2010, administration of the FBPC was transitioned to the Chamber to provide more flexibility and to free up City staff time for other activities. For many years, the City's promotion budget has been set at 4% of the prior year's Transient Occupancy Tax (TOT). By FY 2016/17, this amounted to approximately \$80k.

In November 2016, Fort Bragg voters passed Measure AA which increased the City's TOT rate

from 10% to 12%. Measure AA was approved along with an advisory measure (Measure AB) which recommended that one-half of the additional revenue should be used to support marketing, promotions, and special events. It is anticipated that the incremental new available funding will be approximately \$200,000 annually. Existing funding from the City will continue, so total available funding is expected to be approximately \$285,000 in FY 2017/18.

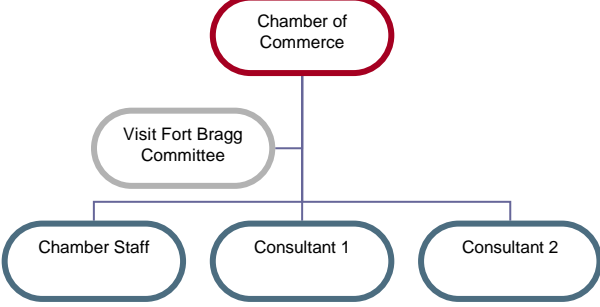
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Management Alternatives

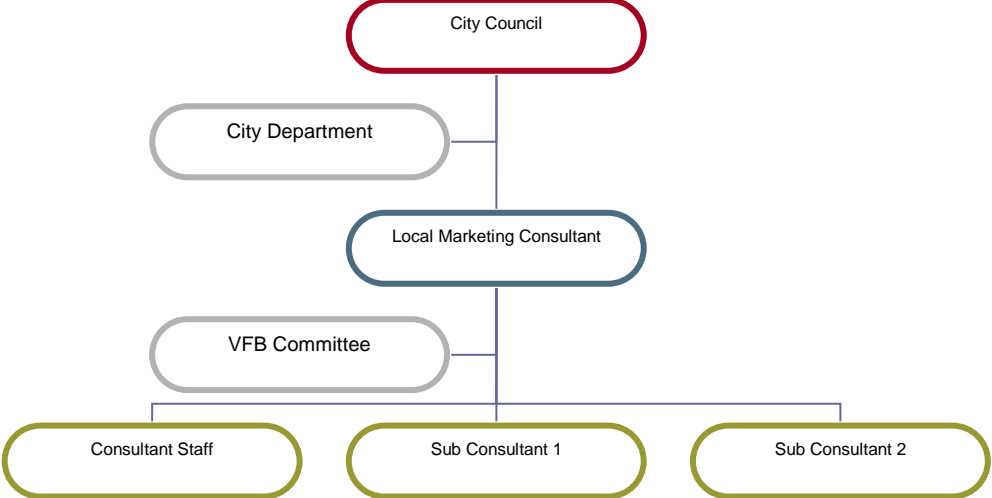
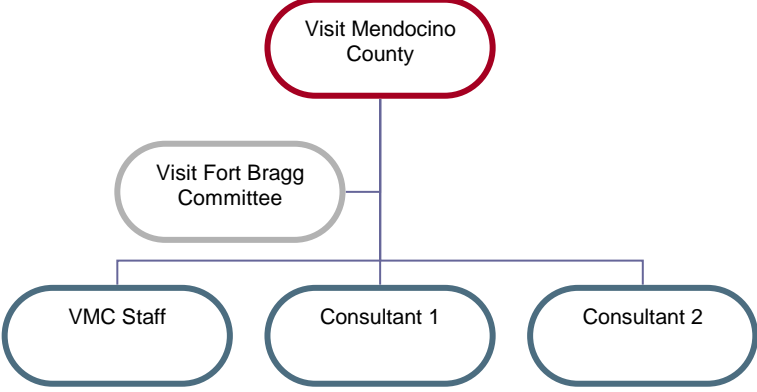
The City of Fort Bragg destination marketing and promotional activities could be implemented using one of the following models:

1. As a Chamber-managed and implemented activity with consultant support;
2. As a City-managed and consultant implemented activity;
3. As a consultant-managed and implemented activity;
4. As a Visit Mendocino County (VMC) -managed and consultant implemented activity; or
5. As a Destination Marketing Organization (DMO) managed and DMO staff and consultant implemented activity;

Each of these organizational models is explored and analyzed briefly below in terms of potential pros and cons.

1. Chamber managed effort with staff and consultant implementation	
Pros	<ul style="list-style-type: none"> • Good local knowledge, reputation and local presence. • Relatively inexpensive staff rates. • Proven track record for social media marketing and outcomes.
Cons	<ul style="list-style-type: none"> • Chamber does not want to manage the implementation of entire Marketing & Promotions. The Chamber feels that it can be most effective by continuing to manage the pieces that it currently manages, along with some of the other “local” activities. Specifically the Chamber is interested managing: Task 4 - Interactive & Social Media; Task 5 – Content Development; Task 9 - Special Events, Tours and Attractions; and Task 15 - Research, Evaluation & Measurement. • Some members of the tourism community feel “shut out” by the Chamber. • Perceived conflicts between Chamber’s allegiance to its members and promotional activities supporting all Fort Bragg businesses. • Past difficulties with effective management of Chamber sub-contractors.

	<ul style="list-style-type: none"> Currently, City prepares VFB financial reports and analysis including budget to actuals comparisons. If Chamber took on the entire project, City would want to transfer this activity to the Chamber. Uncertainty about adequacy of financial capabilities at the Chamber. Oversight and management of Chamber contract would need to be assigned to a City department.
2. City managed effort with staff and consultant implementation	<pre> graph TD CC([City Council]) --- CDD([Community Development Dept.]) CDD --- VFB([VFB Committee]) CDD --- CS([City Staff]) CDD --- C1([Consultant 1]) CDD --- C2([Consultant 2]) VFB --- CS </pre>
Pros	<ul style="list-style-type: none"> City staff provides local knowledge, excellent financial and contract control, experience managing large contracts of significant complexity, and marketing expertise and background. Excellent accountability, with City Council control over consultant selection and City staff direction of promotion and marketing efforts.
Cons	<ul style="list-style-type: none"> Would require significant allocation of staff time that could result in over-extension of staff. TOT activities may displace other Council priorities, because of the additional work burden. To implement Tasks 9-15 of the Action Plan would require additional and/or dedicated staff time. More cumbersome decision making process, requiring City Council approvals for all contracts over \$25k and major decisions.

3. Consultant managed and implemented activity	 <pre> graph TD CC[City Council] --- CD[City Department] CC --- LMC[Local Marketing Consultant] LMC --- VFB[VFB Committee] LMC --- CS[Consultant Staff] LMC --- SC1[Sub Consultant 1] LMC --- SC2[Sub Consultant 2] </pre>
Pros	<ul style="list-style-type: none"> • Local knowledge and contacts. • Marketing and promotions knowledge. • Ability to effectively subcontract to other firms. • Would require less significantly less City staff involvement.
Cons	<ul style="list-style-type: none"> • Would need to select excellent contractor with solid capabilities for contract management, accounting and project management. Other organizations have had difficulty with this model. • City staff would need to stay involved to manage the master consultant and the Visit Fort Bragg Committee and report to City Council.
4. Visit Mendocino County Managed and consultant and staff implemented activity	 <pre> graph TD VMC[Visit Mendocino County] --- VFBC[Visit Fort Bragg Committee] VMC --- VMS[VMC Staff] VMC --- C1[Consultant 1] VMC --- C2[Consultant 2] </pre>
Pros	<ul style="list-style-type: none"> • Exceptional marketing and promotions knowledge. • Ability to effectively manage contracts. • Excellent local knowledge. • Synergisms between County and City efforts could result from using the same consultants and the same ad buys. • Would require City staff involvement for contract management, which may require less time once a multi-year contract is put in place.
Cons	<ul style="list-style-type: none"> • Visit Mendocino County may not be palatable to local hospitality sector. • Fort Bragg's message could get "lost" in the larger County-wide effort.

	<ul style="list-style-type: none"> Governance structure would need to be figured out. City Council would lose some control over management of effort.
5. Destination Marketing Organization (DMO) Managed and consultant and staff implemented activity	<pre> graph TD A([Visit Fort Bragg Board]) --> B([New Destination Marketing Organization]) B --> C([DMO Staff]) B --> D([Consultant 1]) B --> E([Consultant 2]) </pre>
Pros	<ul style="list-style-type: none"> Singular focus on tourism marketing for Fort Bragg. Can respond to marketplace changes quickly. Autonomy in contracting hiring practices. Can build exceptional marketing and promotions knowledge. Excellent local knowledge. Easy to bring the tourism stakeholders together.
Cons	<ul style="list-style-type: none"> Expend a portion of TOT revenues on staff to run and manage the DMO. Less City Council control over activity as it would be a separate organization managed by its own board. Would take some time to set up a DMO. Once promotions budget grows to \$400,000 - \$500,000, the DMO structure may be warranted.

If the City Council chooses to go forward without the involvement of City staff, staff recommends that an RFP be prepared for the management and implementation of the Visit Fort Bragg Action Plan and that all three types of organizations be encouraged to apply, including the Chamber, Visit Mendocino County and for-profit marketing and promotions consulting firms. Staff and Visit Fort Bragg could do the typical vetting process of proposals and recommend a firm or non-profit to implement a three-year contract. City Council would make the final decision on the selection of the preferable management strategy.

Recommendation

Hire a local marketing consultant to provide oversight for 2017 Marketing & Promotions Plan.