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| AGENCY: | City Council |
| MEETING DATE: | June 12, 2017 |
| DEPARTMENT: | CDD |
| PRESENTED BY: | M Jones & J Owen |
| EMAIL: | mjones@fortbragg.com |

AGENDA ITEM SUMMARY

TITLE:

RECEIVE RECOMMENDATIONS FROM COMMUNITY DEVELOPMENT COMMITTEE AND PROVIDE DIRECTION TO STAFF REGARDING: 1) DRAFT VISIT FORT BRAGG ACTION PLAN; 2) MANAGEMENT AND IMPLEMENTATION OF VISIT FORT BRAGG ACTION PLAN; 3) BRANDING RFP; AND 4) CHAMBER OF COMMERCE SCOPE OF SERVICES FOR INTERIM MARKETING, PROMOTIONAL AND ADMINISTRATION SERVICES

ISSUE:

In November 2016, Fort Bragg voters passed Measure AA which increased the Transient Occupancy Tax (TOT) rate from 10% to 12%. An accompanying advisory, Measure AB, recommended that one-half of the additional funding should be used to support tourism-related projects and promotion. The incremental new funding for these purposes will be approximately \$200,000 annually. Existing funding from the City will continue, so total available funding is expected to be approximately \$280,000 per year. The estimated budget for Fiscal Year 2017/18 is \$240,000 as some funding has already been expended for a marketing study.

On April 25, 2017, staff presented a draft Fort Bragg Marketing and Promotions Action Plan for review and input by the Community Development Committee (CDC). At the CDC meeting, staff was directed to: 1) provide a summary of alternative management strategies for the TOT marketing effort for the next CDC meeting; 2) bring RFPs for consultant services forward to the CDC for review and discussion prior to bringing them forward to the City Council. No feedback was provided during the April 25th meeting regarding the specifics of the draft Action Plan itself.

On May 30, 2017 staff brought three items forward to the CDC for a recommendation to City Council; including: 1) draft Visit Fort Bragg Action Plan; 2) Branding RFP scope of work; and 3) alternative methods to manage the promotional effort.

Additionally, per direction from City Council, staff asked the Chamber of Commerce to develop a proposal to continue to administer the Visit Fort Bragg Committee and provide social media and website services on an interim basis for six months or until the branding activity is completed and a management and administration consultant is selected for this effort.

RECOMMENDED ACTION:

The CDC recommends that the Council take the following three actions:

1. Approve the Visit Fort Bragg Action Plan with one modification, namely to provide a budget range for each action item (+/-20%);
2. Approve the Branding RFP and direct staff to release it immediately; and
3. Prepare and release an RFP to solicit proposals from local tourism marketing management entities (non-profits, for-profits, and individuals) who are interested in managing implementation of the Visit Fort Bragg Action Plan, including administration of the Visit Fort Bragg Committee, completion of local marketing and promotional activities, developing RFPs to hire consultants, management of consultants, evaluation of consultants and work

efforts, reporting to the City Council, coordination with the tourism sector, financial management of all projects, etc.

Additionally, staff seeks direction regarding the Chamber of Commerce proposal to provide administrative, marketing and promotional activities for Visit Fort Bragg for the next six months and possibly longer. Staff recommends that an initial six-month contract term from July 1, 2017 through December 31, 2017 be established.

ALTERNATIVE ACTION(S):

Provide alternative direction regarding any or all of the four items: Visit Fort Bragg Action Plan, Branding RFP, overall management of the promotions and marketing effort, and the Chamber proposal.

ANALYSIS:

1. Visit Fort Bragg Action Plan

In February of 2017, the responsibility for the oversight and management of the TOT funds for tourism promotion was delegated to the Community Development Department (CDD). In March of 2017, CDD staff met with managers of Visit Mendocino County (Brent Haugen) and Visit Ukiah (Shannon Riley) to glean lessons learned and to obtain advice for how to proceed with the Fort Bragg effort. These meetings were very informative. In April and May of 2017, staff developed a draft *Fort Bragg Promotions and Marketing Action Plan and Budget* for the 2017/2018 fiscal year (see Attachment 1). Staff presented the draft Action Plan at two meetings each of the Visit Fort Bragg Committee and the Downtown Watch committee. The discussions were lively and many good suggestions were made and folded into the Action Plan. Staff contacted every hotel manager in Fort Bragg and forwarded electronic copies of the draft Action Plan on three occasions to hotel managers and followed up each email with one or two phone calls to connect and obtain further input about proposed marketing and promotion activities. Comments and suggestions were received from operators/managers of 10 Fort Bragg hotels, including: Beachcomber, Colombi Motel, Fort Bragg Travelodge, Motel 6, North Cliff Hotel, Ocean View Lodging, Oceanside Inn & Suites, Super 8 Motel, Surf & Sand Lodge and the Weller House. Staff also met with managers of area attractions and businesses (Botanical Gardens, Skunk Train, and Color Mill) to get further input and comment on the Action Plan.

All comments and suggestions have been incorporated into the Action Plan and are noted in italics (see Attachment 1).

The budget amounts dedicated to each action in the Action Plan (Attachment 1 and Table 1 below) have been changed to address the following changes:

1. Hire a local Project Manager. At the May 30th CDC meeting, CDC expressed a preference for the City to contract with a local person or entity with marketing/promotions expertise to serve as project manager to manage action items 1 - 8 and implement action items 9 - 14, rather than tasking City staff with these action items. The budget has been modified to reflect the expense (\$35,000 - \$60,000/year) associated with outsourcing this activity. Accordingly, funds for other activities were either reduced or postponed to a later year.
2. Incorporate the proposed Chamber budget for the next six months. Additionally, the expenditures for social media and website maintenance were incorporated to reflect the costs of the Chamber of Commerce for this activity.
3. Total budget amount reduced. The total budget amount was reduced to cover the cost of the market study completed by SMG earlier this year and tie to the City's FY 2017/18 promotions budget.

2017 Marketing & Promotions Action Plan

Strategic Goal: Promote Fort Bragg's vibrant tourism economy; Strengthen the Fort Bragg tourism experience; & Increase hotel revenues.

| Primary Activities - Consultant Completed | | 2017/18 | 2018/19 | 2019/20 |
|---|-------------|-----------|-----------|-----------|
| 1. Branding | | \$35,000 | \$8,000 | \$8,000 |
| 2. Website | | \$77,302 | \$15,000 | \$15,000 |
| 3. Interactive & Social Media Marketing | | \$48,148 | \$50,000 | \$50,000 |
| 4. Content (word/Photo/Video) | | \$10,000 | \$10,000 | \$10,000 |
| 5. Advertising | | \$15,000 | \$50,000 | \$50,000 |
| 6. Public Relations & Media Outreach | | \$5,000 | \$30,000 | \$30,000 |
| 7. Collateral Materials, Banners, Signage, etc | | \$0 | \$9,000 | \$15,000 |
| 8. Special Events, Tours and Attractions | | \$0 | \$15,000 | \$20,000 |
| Subtotal | | \$190,450 | \$187,000 | \$198,000 |
| Support Activities - Local Consultant Completed | | | | |
| 9. Project, Contract & VFB Management | | \$30,000 | \$30,000 | \$30,000 |
| 10. Retreats & Business Meetings | | \$0 | \$0 | \$0 |
| 11. Tourism Industry Communications | | \$1,000 | \$2,000 | \$3,000 |
| 12. Leisure Sales & Trade Shows | | \$2,500 | \$15,000 | \$3,000 |
| 13. Strategic Alliances | | | \$2,000 | \$2,000 |
| 14. Research Evaluation & Measurement | | | \$12,000 | \$12,000 |
| Subtotal | | \$33,500 | \$61,000 | \$50,000 |
| | Contingency | \$20,050 | \$32,000 | \$32,000 |
| Total | | \$244,000 | \$280,000 | \$280,000 |

Finally, it should be noted that these budget numbers are estimates. A final budget will be prepared by the Project Manager and the Visit Fort Bragg Committee and will be submitted to the City Council for approval later this year.

2. Branding RFP

The first activity in the Visit Fort Bragg Action Plan is to complete a Request for Proposals (RFP) and select a consultant firm, non-profit or individual to develop a brand for Fort Bragg promotions. The Action Plan identifies key activities to be incorporated into the branding activity, namely:

2. Branding – Defines the vision, story and look and feel of all marketing materials

1. Create the vision and define the Fort Bragg brand (the story and experience);
2. Create a logo, tag line, style guide and story that define Fort Bragg's brand;
3. Provide art/creative direction as part of the management of all promotional activities (website, advertisements, PR, collateral, etc.) so that all efforts follow the brand on a year-to year going forward basis; and
4. Work with tourism-related businesses to integrate the brand into their websites and printed materials.

The CDC reviewed the draft RFP and recommended that the Council approve the RFP for release (see Attachment 2).

3. Management of Marketing and Promotions Effort

Past promotional activities for the City have been managed by both the Chamber of Commerce and the City of Fort Bragg.

In 2010, administration of the Fort Bragg Promotions Committee was transferred to the Chamber of Commerce. At the time of transition, the promotions budget was about \$60,000 per year. The promotions budget is currently around \$80,000, and the Committee has expanded social media marketing, improved the website, focused on advertising, and has stopped funding events. Last year, the Promotions Committee was renamed the Visit Fort Bragg Committee. It is separate from the Chamber of Commerce, but the Chamber provides administrative support and oversees the implementation of a variety of marketing programs to promote the City. These efforts include the following:

- Development and maintenance of the Visit Fort Bragg website, content and blog;
- Visit Fort Bragg Social Media;
- Promotion of Special Events that encourage visitation;
- Advertising including radio; and
- Development of video assets to promote Fort Bragg through social media channels.

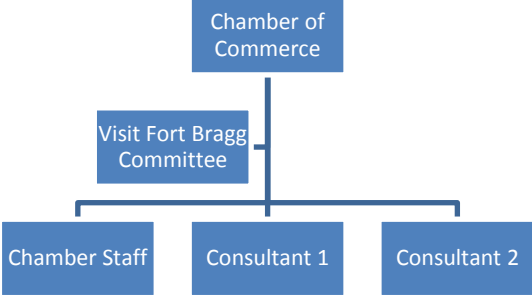
With the passage of Measures AA and AB, and the significant increase in funding for marketing and promotions, the City Council directed that a new model be established for administration of the City's marketing efforts. On April 25, 2017, the CDC directed staff to provide a summary of alternative management strategies for the TOT marketing effort which is included below.

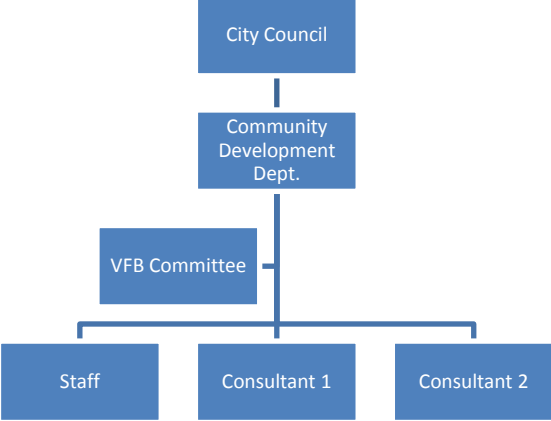
Management Alternatives

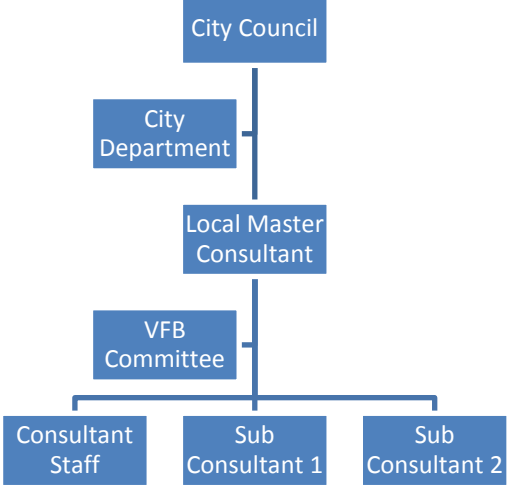
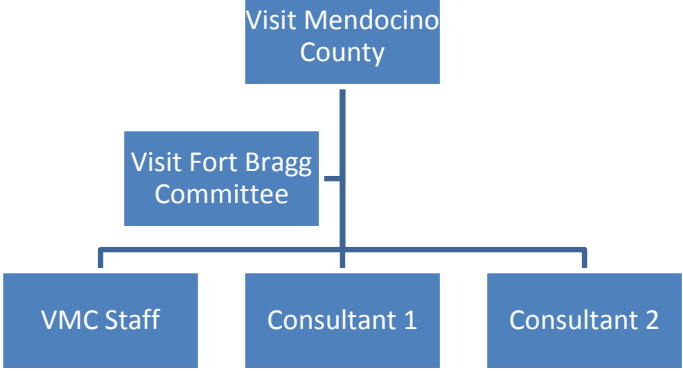
The tourism promotional activity could be managed using one of the following models:


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-managed and consultant implemented activity; or
5. As a Destination Marketing Organization (DMO) managed and DMO staff and consultant driven activity;

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

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| 1. Chamber managed effort with staff and consultant implementation |  <pre> graph TD A[Chamber of Commerce] --- B[Visit Fort Bragg Committee] B --- C[Chamber Staff] B --- D[Consultant 1] B --- E[Consultant 2] </pre> |
| Pros | <ul style="list-style-type: none"> • Excellent local knowledge, reputation and local presence. • Staff is relatively inexpensive relative to consultants. • Proven track record in excellent social media marketing and outcomes. |
| | <ul style="list-style-type: none"> • The Chamber would need to pay for staff time with TOT funding to manage |

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| Cons | <p>effort, leaving less funding for other activities.</p> <ul style="list-style-type: none"> • The Chamber does not want to manage the implementation of entire plan. 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. • The Chamber has had some past difficulties with effective management of sub-contractors. • Currently, the City prepares VFB financial reports and analysis including budget to actuals comparisons. If the Chamber took on the entire project, the City would want to transfer this activity to the Chamber. There is uncertainty about the adequacy of financial capabilities at the Chamber. • Oversight and management of the Chamber contract by City would need to continue to be assigned and budgeted to Community Development. |
| 2. City managed effort with staff and consultant implementation |  <pre> graph TD CC[City Council] --> CD[Community Development Dept.] CD --> VFB[VFB Committee] VFB --- Staff[Staff] VFB --- C1[Consultant 1] VFB --- C2[Consultant 2] </pre> |
| Pros | <ul style="list-style-type: none"> • Funding City staff with General Fund revenues will be more cost effective than paying consultants to manage this project, and will leave more TOT funds for promotion tasks. • Staff provides local knowledge, excellent financial and contract control, experience managing large contracts of significant complexity, and marketing expertise and background. • City Council would retain control over consultant selection and direction of promotion and marketing efforts. |
| Cons | <ul style="list-style-type: none"> • Would require dedication of staff time that would result in over-extension of staff. TOT activities would displace other Council priorities, because of the additional work burden. • Implementation of Tasks 9-15 of the Action Plan would require additional and/or dedicated staff time. • This is a more cumbersome decision making process, requiring City Council approvals for all contracts and major decisions. |

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| 3. Local Consultant managed and implemented activity |  <pre> graph TD CC[City Council] --- CD[City Department] CC --- LM[Local Master Consultant] CD --- LM LM --- VFC[VFB Committee] LM --- CS[Consultant Staff] LM --- SC1[Sub Consultant 1] LM --- 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 staff involvement. |
| Cons | <ul style="list-style-type: none"> • Uncertain of the quality and capabilities of local project managers with marketing and promotions expertise. It may be hard to get one person who can do all the contract management, accounting and project management as well as the local component of tourism and marketing services. Other City tourism efforts have had difficulty with this model and have had limited success. • City staff would need to stay involved to manage the master consultant and serve as a liaison with the Visit Fort Bragg Committee. |
| 4. Visit Mendocino County Managed and consultant and staff implemented activity |  <pre> graph TD VMC[Visit Mendocino County] --- VFC[Visit Fort Bragg Committee] VMC --- VMCStaff[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. |
| 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. • Governance structure would need to be figured out. City Council would lose |

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| | some control over management of effort. <ul style="list-style-type: none"> • Would require City staff involvement for contract management, which may require less time once a multi-year contract is in place. |
| 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. |

The CDC recommends that an RFP be prepared for the management and implementation of the Visit Fort Bragg Action Plan and that local organizations and individuals be encouraged to apply, including the Chamber, Visit Mendocino County and for-profit marketing and promotions project management consulting firms and individuals. City staff and the Visit Fort Bragg Committee would do the typical vetting process of proposals and recommend a firm or non-profit to implement a two to three-year contract. City Council would make the final decision on the selection of the consultant. Staff is seeking direction regarding the length of the contract: should it be a two or three year contract?

4. Chamber of Commerce Scope of Work

The Chamber has prepared a draft scope of work to complete interim marketing and promotions activities and the administration of the Visit Fort Bragg Committee (see Attachment 3) for City Council's consideration.

FISCAL IMPACT:

One half of the voter-approved 2% increase in the TOT rate will be dedicated to tourism marketing and promotions in 2017/18 and will generate an estimated \$200,000 in additional revenue for this activity. Currently Visit Fort Bragg receives approximately \$80,000 in TOT revenues per year. These funds (minus the funds already expended on a marketing study) result in an estimated budget for Fiscal Year 2017/18 of \$244,000. These funds will be expended primarily on

professional services; and, if an outside project manager is hired, a portion of the funding will cover management and coordination of the effort.

The Community Development Department will continue to expend significant effort to launch and provide oversight for this effort, including: preparing RFPs, reading proposals, interviewing consultants with Visit Fort Bragg Committee, completing reference checks and preparing contracts for the Branding and Project Manager consultants. Once the Project Management consultant is selected, staff will orient her/him to the project, the committee, the community and provide background information on existing efforts and structure. After an initial orientation, staff will continue to provide close contract supervision and will serve as a liaison to the Visit Fort Bragg Committee. In the short term, we anticipate that these tasks will require 20 to 40 hours of time from the Special Projects Manager and around 5 to 10 hours of time from the Community Development Director per month. After the first year, it is expected that staff time will be less. Staff's contract administration costs will be covered by the General Fund, but these activities may divert staff from activities covered by grants which could thereby reduce grant revenues, resulting in a small negative effect on the General Fund.

Overall the TOT-funded Promotions and Marketing effort is expected to increase City revenues as the goal of the effort is to increase the number of tourists that come to Fort Bragg and pay bed and retail sales tax.

CONSISTENCY:

These activities are consistent with Strategy 2.2 from the Fort Bragg Economic Development Strategy.

Strategy 2.2 Continue to Provide Excellent Tourism Marketing & Support Eco-Tourism

Tourism marketing for the City of Fort Bragg is currently undertaken by the Fort Bragg Promotion Committee, Mendocino Coast Chamber of Commerce, and Visit Mendocino, Inc. While the City's attractiveness as a tourist destination has improved with the revitalization of the Historic Downtown, Fort Bragg's reputation and brand identity has not kept pace with the changes that have and will continue to take place. The City will continue to work in partnership with the Mendocino Coast Chamber of Commerce, the Fort Bragg Promotion Committee, Visit Mendocino, and other business groups to continuously improve tourism marketing.

IMPLEMENTATION/TIMEFRAMES:

1. June 13, 2017 - Release of Branding RFP
2. July 11, 2017 – Release of RFP for a Project Management Consultant
3. August, 2017 – City Council approval of 1) Branding Consultant and 2) Project Management Consultant
4. See Visit Fort Bragg Action Plan to review the three year schedule for the roll out of the remainder of this activity.

ATTACHMENTS:

1. Visit Fort Bragg Action Plan
2. Branding RFP
3. Chamber of Commerce proposal to provide interim promotional and marketing services to Visit Fort Bragg

NOTIFICATION:

1. Visit Fort Bragg Committee
2. Downtown Watch Email List

3. Fort Bragg Hotels and Inns Email List
4. Fort Bragg Downtown Businesses Notify Me List
5. Economic Development Notify Me List
6. Tourism and Marketing Notify Me List

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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: _____ |
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