



Department: Administration
Cost Center: 1006 and 1007
For Agenda of: 7/11/2023
Placement: Consent
Estimated Time: N/A

FROM: Greg Hermann, Deputy City Manager
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SUBJECT: ADOPTION OF FY 2023-24 COMMUNITY PROMOTION PROGRAMS FOR TOURISM BUSINESS IMPROVEMENT DISTRICT (TBID) AND PROMOTIONAL COORDINATING COMMITTEE (PCC)

RECOMMENDATION

As recommended by the Tourism Business Improvement District (TBID) Board and the Promotional Coordinating Committee (PCC):

1. Authorize the City Manager to enter into program expenditures and various contracts for the TBID not to exceed the FY 2023-24 revenue of \$1,852,700 (excludes staffing costs), based on the recommendations by the TBID Board and the adopted TBID Fund revenue projections as part of the 2023-25 Financial Plan; including
 - a. Approval of the funding of year two of the contract extension with Noble Studios for marketing services in the amount of \$1,000,000; and
 - b. Funding of the final year extension of the contract with Badger Branding for content marketing services in the amount of \$87,800; and
2. Authorize the City Manager to make expenditures utilizing the TBID Fund's available un-assigned fund balance during FY 2023-24 based on the most recent audited financials and at the recommendations by the TBID Board; and
3. Authorize the City Manager to use the TBID Fund Reserve of \$100,000 for tourism marketing expenditures in FY 2023-24 in accordance with the TBID reserve policy; and
4. Authorize the City Manager to enter into various contracts and program expenditures for Community Promotions not to exceed the FY 2023-24 program budget of \$367,000 (excludes staffing costs) based on the recommendations by the PCC.

POLICY CONTEXT

As referenced in the City's Municipal Code, Section 12.42.030 (Authorized Use), TBID revenue is used for the promotion of tourism.¹

¹ 12.42.030 – Authorized Use: A. The general promotion of tourism within the district is to include costs as specified in the business plan to be adopted annually by the city council.

REPORT-IN-BRIEF

The City’s Community Promotions program is comprised of the Tourism Business Improvement District (TBID) and the Promotional Coordinating Committee (PCC). While these advisory bodies have separate program functions and budgets - together they both work to promote San Luis Obispo locally, regionally, nationally, and internationally.

Tourism Business Improvement District

After thorough review and consideration, the TBID Board has identified program priorities and budget allocations for the focus of the TBID marketing efforts in FY 2023-24. The list below includes the most notable allocations; however, the complete list of budget allocations is outlined on Attachment A. (Attachment A – TBID FY 2023-24 Line-Item Budget)

- 1. Tourism Marketing Services with Noble Studios: \$1,000,000

The TBID will maintain their largest budget allocation (approximately 47%) towards the marketing service agreement with the contracted agency-of-record, Noble Studios. This year will be the second year of the final contract extension.

- 2. Content Marketing Services with Badger Branding: \$87,800

To efficiently manage the organic content channels through various social media networks, the TBID will continue to retain the local content marketing provider Badger Branding for the strategy, execution, and management. This is the final year of the contract extension with this vendor.

- 3. SLO Chamber of Commerce Contract Services: \$105,688

Fiscal year 2023-24 is the first year of two-year agreements with the San Luis Obispo Chamber of Commerce for the shared services in partnership with the PCC for Visitor Services (\$51,975) and Public Relations Services (\$50,000 plus \$3,713 for hard costs related to media monitoring service).

- 4. Cal Poly Athletics Partnership: \$65,000

FY 2023-24 is the first year of a two-year partnership agreement with Cal Poly Athletics to promote collaboration between local hotels and the lodging needs of Cal Poly athletic program.

- 5. Sustainability Initiative: \$21,408

The TBID will continue to allocate 1% of TBID revenue in FY 2023-24 to *Keys for Trees*, a sustainability initiative in partnership with EcoSLO aimed at offsetting the carbon impact of visitors in the community.

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6. Membership in Industry Associations & Promotional Cooperative Marketing Programs: \$90,500

The TBID will invest collectively approximately \$40,500 in FY 2023-24 to maintain membership in organizations including Central Coast Tourism Council, California Travel Association, California Hotel and Lodging Association and SLO Coast Wine Collective. In addition, the TBID has earmarked \$45,000 for cooperative marketing opportunities with these organizations and others.

7. Events and Promotions: \$165,000

The TBID has earmarked up to \$100,000 for general event promotion and sponsorships, plus an additional \$40,000 for event activations and collateral, and \$25,000 for seasonal promotions like the Midweekend.

8. Research and Program Development: \$160,000

In FY 23-24 the TBID plans to invest up to \$160,000 in funding for various program development and research initiatives including funding for a Sales/Meetings consultant & strategy development project, the update the 5-year Tourism Strategic Plan Update consultant, and funding for updated Brand Sentiment research in preparation for the Marketing Services request for proposal.

9. Resource Contingency Fund: \$38,302

The TBID has allocated approximately \$38,000 in other contract services for a resource contingency to be used to support the growing program need for resources to complete the work programs.

10. Program Contingency Fund: \$29,000

The TBID has allocated an operating program contingency fund of \$29,000 for the funding of opportunity projects that may arise including other marketing expenses.

Promotional Coordinating Committee

As stated in the PCC Advisory Body Bylaws,

“The purpose of the PCC is to advise the Council in working to improve the quality of life for all City residents and our visitors. The Committee recommends projects to help promote the City as a regional trade, recreation, and tourist center, consistent with community goals.”

The PCC has identified the allocations within in its program budget to support this purpose and to advance community promotions. The following program priorities and budget allocations are the focus of the community promotions efforts in FY 2023-24. The list below includes the most notable allocations; however, the complete list of budget allocations is outlined on Attachment B.

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1. Cultural Grants In Aid (GIA)/ Cultural Arts and Community Promotion (CACP) program: \$100,000

In FY 2023-24 the Cultural GIA program will evolve into the Cultural Arts and Community Promotion (CACP) grant program, which will culminate in a new annual competitive grant process for FY24-25. The PCC will maintain the historical allocation of \$100,000 from the FY23-24 Community Promotions program budget for the entirety of the grant program. After the awarding the GIA grants for events occurring July 1 – December 31, 2023, the remaining funds from the total grant allocation will then be available for CACP for events occurring January 1 – June 30, 2024.

2. SLO Chamber of Commerce Contract Services: \$208,757

FY 2023-24 is the first year of two-year agreements with the San Luis Obispo Chamber of Commerce for the shared services in partnership with the TBID for Visitor Services (\$121,257) and Public Relations Services (\$50,000) through contracted work efforts. In addition, the PCC will maintain a new two-year agreement for Grant Promotional Support (\$30,000), and the funding for the production & distribution of the printed maps (\$7,500).

3. Community Placemaking & Recovery Projects: \$53,243
The PCC has earmarked \$53,243 in funds available for the development of new projects to enhance the quality of life in San Luis Obispo through strategic placemaking or recovery investments in alignment with the adopted 2023-25 Major City Goal work efforts and other projects to support community promotion. The funding will be available for projects deemed important by the PCC to advance the goals of the committee.

DISCUSSION

Background

With the adoption of the 2023-25 Financial Plan, the City Council approved the program budget and defined the work program for the Community Promotions program and the TBID. Both programs are overseen and administered by advisory bodies to the City Council. The PCC makes recommendations regarding the use of Community Promotions funding and the TBID Board recommends the use of the TBID assessment.

In the development of the program expenditures budgets for the Financial Plan Supplement, both advisory bodies established recommendations for use of funding in FY 2023-24 with respective contract considerations.

Tourism Business Improvement District (TBID)

The TBID began the program development and budget allocation process in March 2023 by discussing the goals, priorities, and direction for the FY 2023-24 TBID program. They also completed contractor evaluations to aid in the considerations to the pending contract extensions. During this process, the TBID Board communicated the importance of continuing to align the budget direction, program priorities and funding commitments with the implementation of the imperatives outlined in the [2019-2024 TBID Strategic Plan](#), as well as the 2-year [TBID Strategic Marketing & Business Plan](#).

The TBID strategic initiatives are to:

1. Elevate the SLO Brand and Experience
2. Deliver Smart Growth
3. Build Meaningful Partnerships
4. Ensure Organizational Excellence
5. Foster Destination Resilience

Marketing Services + Partnership Contracts

On May 10, 2023 at the regular TBID Board meeting, the TBID received proposal presentations from the following organizations on the continuation of services and agreement renewals resulting in the following recommendations outlined below. (Attachment C – May 10, 2023 TBID Minutes)

Noble Studios & DCI

Fiscal year 2023-24 will commence the fourth year and final year of the agreement with Noble Studios for marketing services, as a result of a successful RFP process in the Spring of 2020. That RFP stipulated that the City, based on the recommendation of the TBID Board, reserves the right to renew the agreement for total of four fiscal years, providing funding to do so is appropriated for this purpose in subsequent budgets. After a thorough evaluation and annual planning process, during the June 28, 2023, meeting the TBID Board approved the scope of work for the final year of the Service Agreement with Noble Studios for the final two-year term and the allocation of funding of \$1,000,000 for FY 2023-24 to account for an increase in the cost of services with Noble Studios as well as increased work program needs. The work agreement with Noble Studios also includes the subcontractor partnership with DCI, a national public relations firm. (Attachment D - Noble Studios Proposal)

Badger Branding

Following a successful RFP process by the TBID, in the fall of 2021 the City contracted with Badger Branding for Content Marketing Services related to the management and curation of the social media channels for the TBID (aka ShareSLO). The services provided by this contractor include the development and implementation of a Social Media Marketing Strategy, Online Community Engagement, Content Creation and Procurement, and Analysis and Reporting.

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The initial contract between the City and the Badger Branding began in September 2021 and stated that the City - based on the recommendation of the TBID Board - reserves the right to renew the agreement twice for total of three fiscal years. After a thorough evaluation the TBID Board has recommended the final renewal of the agreement with Badger Branding for FY 2023-24. The TBID Board has recommended allocating the funding commitment of \$87,800 to Badger Branding for FY 2023-24. (Attachment E - Badger Branding Proposal)

SLO Chamber of Commerce

FY 23-24 will commence new 2-year agreements with the San Luis Obispo Chamber for Commerce for various contract partnerships including Public Relations and Visitor Services. The TBID has a long partnership with the San Luis Obispo Chamber for Commerce for these work programs, and the Chamber is uniquely suited to perform this work on behalf to the City and TBID. After receiving the proposals from the Chamber for these services, as well as collaboration with the PCC on cost-sharing, the TBID Board recommends the approval of the new 2-year agreements with the SLO Chamber for Public Relations and Visitor Services. In FY 2023-24 both the Public Relations and Visitor Services agreements will be shared with the PCC. The TBID Board recommends full funding of the contracts, including: (Attachment F - SLO Chamber TBID Proposal)

1. The first year of the Public Relations contract in the TBID amount of \$50,000; and
2. The first year of the Visitor Services agreement in the amount of \$51,975 which includes the continuation of the phone & availability service and the special promotions support service; and
3. The media monitoring service expenditure of \$3,527 to support a joint service with the PCC to monitor media pick-up and story production.

Cal Poly Athletics

Since FY 2011, the TBID has grown a partnership with Cal Poly Athletics (Mustang Sports Properties) for the promotion of San Luis Obispo lodging properties in conjunction with Cal Poly athletic related activities. The TBID Board has recommended the continuation of this partnership for a new 2-year term starting in FY 2023-24 in the amount of \$65,000 annually. While the commitment of these funds will garner direct marketing benefit for the TBID overall, the actual funds are used by Cal Poly Athletics to house visiting teams, officials and VIPs in SLO TBID lodging properties. (Attachment G - Cal Poly Athletics Proposal)

Research & Program Development

In FY 2023-24 the TBID will be making a significant investment in Research and Development to advance of the initiatives outlined in the revised strategic plan and the TBID strategic marketing and business plan for projects like the development of a TBID Sales Strategy, the updated to the TBID strategic plan, and research on brand sentiment that will inform the marketing services RFP that will take place in the fiscal year. These programs will be developed and implemented throughout the year.

Industry Associations & Programs

The Board also considered membership and programs with the following industry associations within California:

1. Central Coast Tourism Council (CCTC): The Board recommends maintaining membership with the CCTC in the amount up to \$1,000.
2. California Travel Association (CalTravel): The Board recommends membership with the CalTravel organization in the amount up to \$1,000.
3. SLO Coast Wine Collective: The Board recommends membership with the SLO Coast Wine Collective in the amount up to \$5,000.
4. California Hotel and Lodging Association (CHLA): The Board recommends the investment in the TBID constituent membership in the amount of \$30,000.

In addition, the TBID will be partnering for the third year with the Office of Sustainability and Natural Resources and EcoSLO on the continuation of the *Keys For Trees* initiative aimed at offsetting the carbon impact of visitors in San Luis Obispo. The TBID has allocated 1% of the 2023-24 projected revenue, approximately \$21,000 to this program.

The remaining TBID program funds are allocated to program expenses including cooperative marketing opportunities with organizations like Visit SLO CAL or Central Coast Tourism Council (CCTC), attendance at industry conferences and additional partnerships and event sponsorships, investment in the Smith Travel Reports and other organizational services, and marketing and promotional initiatives.

These expenditures and contract commitments have been reviewed and approved by the TBID Board and the final complete line-item budget allocations were approved by TBID Board for recommendation to City Council at the TBID Board meeting June 28, 2023. (Attachment H – June 28, 2023 DRAFT TBID Minutes)

Promotional Coordinating Committee (PCC)

The purpose of the PCC is to enhance the quality of life for residents of San Luis Obispo and to enhance the experience for visitors to San Luis Obispo. This mission was the guiding force behind the budget consideration for the PCC. During the June 14, 2023, meeting, the PCC finalized the 2023-24 partnership commitments and budget allocations including the continuation of Visitor Services and Public Relations efforts, strategic initiative investment for community placemaking and recovery efforts, and the funding of the Promotional Grant program of Cultural GIA and CACP (Attachment I – June 14, 2023 DRAFT PCC Minutes)

PCC Program Commitments

SLO Chamber of Commerce

As stated above, FY 2023-24 will commence new 2-year agreements with the San Luis Obispo Chamber for Commerce for various contract partnerships including Public Relations, Visitor Services and Grant Promotional Support. The City through the PCC, continues to partner with the San Luis Obispo Chamber for Commerce for the

continuation of various services like the production of the printed maps that are resources for visitors and residents. The City has a long partnership with the San Luis Obispo Chamber for Commerce for these work programs, and the Chamber is uniquely suited to perform this work on behalf to the City through the PCC. After receiving the proposals from the Chamber for these services, as well as collaboration with the TBID on cost-sharing, the PCC recommends the approval of the new 2-year agreements with the SLO Chamber for Public Relations and Visitor Services, plus the PCC funded Grant Promotional Support agreement. The PCC recommends full funding of the contracts, including: (Attachment J - SLO Chamber PCC Proposal)

1. The first year of the Public Relations contract in the PCC amount of \$50,000; and
2. The first year of the Visitor Services agreement in the PCC amount of \$121,257; and
3. The first year of the Grant Promotional Support agreement in the amount of \$30,000 for the support of Cultural GIA and CACP grant awardees with promotional services; and
4. The funding up to \$7,500 for printing of map and materials like the downtown tear-off map and neighborhood maps.

Cultural Grants in Aid (GIA)/ Cultural Arts and Community Promotion (CACP)

The PCC has been offering Cultural GIA funding for decades. Local non-profit organizations utilize the funding to provide cultural, recreational, or social activities in our community. Since FY 2020-21 in response to the pandemic, the PCC modified the standard GIA program to respond to the needs of the non-profit community, event organizers, participants, and leaders. While the modified program was created during that time to provide more frequent application periods due to the frequently changing nature of the rules and regulations supporting gatherings and the fixed grant amounts provided a known funding level for successful applicants, now that events have returned to the community the modified program is no longer efficient or as effective for staff, the committee, and the applicants. Additionally, at the request of City Council, the program name will be changed to better reflect the objective of the program.

In FY 2023-24, the Cultural GIA (GIA) program will evolve into the Cultural Arts and Community Promotion (CACP) grant program. This transition will occur in phases over FY23-24, culminating with an annual competitive grant process for FY 2024-25.

While the new CACP grant program is very similar to Cultural GIA and maintains the same purpose (to support the promotion of events in San Luis Obispo), there are some slight changes to the program specifications. The key change to note is that the CACP grants will be a competitive application for funding as opposed to a fixed amount.

Unlike in GIA, in CACP the PCC will allow for multiple organizations to apply under a single non-profit fiscal sponsor. It was important to the PCC that from a timing perspective this program change did not negatively impact events and organizations that have historically received GIA funding. With that in mind, they planned for a phased application

process that will extend the existing Cultural GIA fixed \$4,000 grant funding for events that occur from July 1 – December 31, 2023, and then move to the new CACP application for events that occur from January 1 – June 30, 2024, beginning in July 2023.

The PCC plans to maintain the historical allocation of \$100,000 from the FY 2023-24 Community Promotions program budget for these grant programs so the remaining funds from the GIA allocation for events occurring July 1 – December 31, 2023, will then be available for CACP for events occurring January 1 – June 30, 2024. During the July 2023 PCC meeting the final GIA grants will be awarded in a Public Hearing, and the CACP grants will also be awarded in a Public Hearing of the PCC in October 2023. All grant agreements and expenditures are within the PCC program budget, so as outlined in the recommendation the City Manager will be authorized to approve the agreements and expenditures.

The remaining Community Promotions program funds are allocated to program expenses including attendance at industry conferences, additional partnerships, and marketing and promotional initiatives.

Previous Council or Advisory Body Action

The following advisory body actions were taken to support these recommendations:

1. PCC approval of the line-item budget and contract commitments on June 14, 2023, for recommendation to City Council.
2. TBID approval of contract allocations and line-item budget allocations was approved on June 28, 2023 for recommendation to City Council.

Public Engagement

All TBID and PCC meetings were noticed in accordance with Brown Act standards. The public will also have the opportunity to provide public comment before or during the July 11, 2023 City Council meeting.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a “project” under CEQA Guidelines sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2023-24

Funding Identified: Yes

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund (Administration- Community Promotion budget)	\$ 411,735	\$ 411,735	\$0	\$0
State				
Federal				
Fees				
Other: TBID budget	\$2,140,800	\$2,140,800	\$0	\$0
Other: TBID Fund Reserve	\$100,000	\$100,000		
Total	\$2,652,535	\$2,652,535	\$0	\$0

The comprehensive list of line-item allocations for the PCC and TBID programs can be reviewed within attachments A and B, respectively.

Fiscal Analysis:

On page 77 of the adopted [2023-25 Financial Plan](#), the projected Transient Occupancy Tax (TOT) in FY 23-24 is \$10,704,000. The TBID revenue is based upon 20% of the TOT, making the FY 2023-24 TBID revenue budget projected at \$2,140,800. Staff recommends that the Council provide authority to the City Manager to execute agreements and make expenditures up to the full amount of the adopted TBID budget for as outlined in this report and at the recommendation of the TBID Board. It is the fiscal responsibility of the TBID to utilize the maximum amount of revenue each year to further the marketing reach through the district’s promotional efforts. In the event that TBID revenues do not reach budget projections, staff recommends that the Council authorize the City Manager to utilize funds in the TBID Fund Reserve to offset those revenues.

The total FY 2023-24 program budget for Community Promotions (PCC) is \$411,705, as can be referenced on page 134 of the [City’s adopted 23-25 Financial Plan](#).

ALTERNATIVES

The Council could choose to fund the contracts or program allocations at different levels or modify the scope of services. The advisory bodies and staff do not recommend adjustments, as the proposed expenditures are the result of careful review, discussion, and negotiations between the parties.

ATTACHMENTS

- A - TBID FY 2023-24 Line-Item Budget
- B - PCC FY 2023-24 Line-Item Budget
- C - May 10, 2023 TBID Minutes
- D - Noble Studios Proposal
- E - Badger Branding Proposal
- F - SLO Chamber TBID Proposal
- G - Cal Poly Athletics Proposal
- H - June 28, 2023 DRAFT TBID Minutes
- I - June 14, 2023 DRAFT PCC Minutes
- J - SLO Chamber PCC Proposal