



MEMORANDUM

TO: Arroyo Grande Tourism Business Improvement District Advisory Board (AGTBID)

FROM: Sheridan Bohlken, Recreation Services Director

SUBJECT: Review of Annual Report

DATE: February 20, 2024

SUMMARY OF ACTION:

Receive, approve, and forward the Annual Report, which provides information on the activities during the past year, to City Council for consideration of approval.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Based on the anticipated year-end results for 2023-24, the assessments expected to be collected total approximately \$309,000 for Fiscal Year 2023-24. The AGTBID budget provides \$5,000 to the City to cover a portion of the City's cost associated with supporting a Community Services Specialist position for vacation rental code compliance. The AGTBID budget also provides \$45,000 to the City to administer the AGTBID.

RECOMMENDATION:

Consider, approve, and forward the Annual Report to City Council.

BACKGROUND:

In May 2013, the City Council adopted an Ordinance establishing the AGTBID. The AGTBID was formed under the Parking and Business Improvement Law of 1989, Sections 36500 et. seq. of the Streets and Highways Code and incorporated into the Arroyo Grande Municipal Code (AGMC) in Title 3, [Chapter 3.46](#). The purpose of forming the AGTBID was to provide revenue to defray the cost of services, activities, and programs promoting lodging businesses in the AGTBID through the promotion of scenic, recreational, cultural, and other attractions in the AGTBID as a tourist destination. An assessment is levied on all lodging businesses within the AGTBID boundaries and is based upon two percent of the rent charged by the operator per occupied room per night for all transient occupancies.

In December 2014, the City Council adopted an Ordinance amending Chapter 3.46 of the Arroyo Grande Municipal Code to provide that the same exemptions that apply to the Transient Occupancy Tax (TOT) apply to AGTBID assessments and amended the definition of "lodging" to include vacation rentals and homestays.

In accordance with the provisions in the Streets and Highways Code and AGMC Section 3.46.100, the City Council appointed an Advisory Board. Pursuant to Streets and Highways Code Section 36533, the Advisory Board is to prepare an annual report, which is to be submitted to the City Council for its review and approval. AGMC Section 3.46.060 also provides that the assessments for the AGTBID are to be reviewed annually by the City Council based upon the Annual Report of the Advisory Board, and after approval of the Annual Report, the City Council is to follow the hearing process outlined in Streets and Highways Code Section 36534 for the annual assessment for the upcoming fiscal year. Section 36534 provides for the adoption of a Resolution to levy an annual assessment for that fiscal year. The Resolution also sets a public hearing date in order to receive any written or oral protests against the continuation of the AGTBID as required by the applicable statute.

The AGTBID has been in effect for almost ten (10) years. In January 2018, the City Council combined the Tourism Marketing Committee, which was coordinated by the Chamber of Commerce, and the Advisory Board, increasing the number of members of the Advisory Board from a minimum of three (3) to not more than nine (9). The Advisory Board implements the programs and activities funded through the AGTBID. The South County Chambers of Commerce administered the program until a decision was made by City Council on [May 23, 2023](#), which directed to take on administration of the AGTBID in-house beginning July 1, 2023. In addition, Council directed staff to revise the bylaws that altered the make-up of the Advisory Board, allowing each member of the Council to appoint one member of the AGTBID Advisory Board, using a similar approach as the City's other advisory bodies, creating a five-member Board.

In June 2018, the Council approved an Agreement with Verdin Marketing for tourism marketing services. Since that time, a tourism website, rebranding of Visit Arroyo Grande, a monthly e-newsletter, advertising campaigns, a tourism strategic plan, and other marketing efforts have been developed and implemented. The term of the initial contract with Verdin Marketing expired on June 30, 2022. The City, on behalf of the AGTBID, issued a Request for Proposals (RFP) for marketing, communications, website management, and social media services for Visit Arroyo Grande.

On [June 14, 2022](#), the City Council reviewed the proposals and selected Verdin Marketing for AGTBID tourism marketing services and authorized City Manager Whitney McDonald to enter into an Agreement for Consultant Services in an amount not to exceed the approved budget in a form approved by the City Attorney. The Agreement commenced on July 1, 2022, and continued in effect until June 30, 2023. On [February 14, 2023](#), the City Council approved a one-year extension to the Agreement for Contractor Services between Verdin Marketing and the City of Arroyo Grande.

ANALYSIS OF ISSUES:

Verdin Marketing and AGTBID have worked closely to accomplish initiatives to drive tourism efforts in Arroyo Grande. The work has included a fresh perspective and innovation to identify and target specific demographic and geographic markets, gather fresh visual content for the redesigned website, access markets for advertising through destination campaigns, email marketing, blogs, social media, paid media, and partnerships. In August 2020, AGTBID finalized a Strategic Plan (Attachment 1), key imperatives and objectives, which has guided marketing efforts through the end of the FY 2023-34.

From these efforts, Verdin Marketing has produced an Annual Report for the AGTBID Advisory Body to review and approve, reflecting work completed between March 2023 through January 2024. The Annual Report as presented (Attachment 2), has adhered to the required timeline pursuant to the Streets and Highways Code Section 36533, and therefore, is a review of the past 11 months.

An overview of the Annual Report provides the following results for review and approval:

- Target audience of the ‘Purposeful Traveler’ and ‘Families’
- Geographic markets of San Francisco Bay Area, Los Angeles, and Central Valley
- 65% increase in website visitation
- 72% decrease in time on website
- 3% increase in pageviews
- .01% decrease in Facebook engagements
- 23% increase in Instagram engagements
- 5,224,916 reach through paid media
- 53,068 clicks through paid media
- 1,384 email subscribers
- 11 distributed newsletters
- 46% open rate of e-newsletters

Verdin Marketing has crafted destination campaigns focusing on the unique and historical charm of Arroyo Grande, differentiating the City for its ‘atmosphere, striking scenery and access to some of the Central Coast’s most sought-after experiences.’ In addition, partnerships have been sought with Visit California, Visit SLO CAL, and Central Coast Tourism Council (CCTC). Tools such as the Now Travel Story Platform, co-ops with Sojern and CCTC, and event promotion and content submissions have been utilized to increase visitor awareness for the Arroyo Grande as a destination through “No Weekend Needed” and “Time Well Spent” campaigns.

Review of Annual Report

February 20, 2024

Page 4

ALTERNATIVES:

The following alternatives have been provided for the AGTBID Advisory Board's consideration:

1. Approve staff recommendations;
2. Request changes or clarifications to the Annual Report;
3. Do not approve staff recommendations; or
4. Provide other direction to staff.

ADVANTAGES:

The recommendations will enable City Council to consider and approve the Annual Report, and consider continuing the AGTBID, which provides a mechanism to generate funding to promote lodging stays and tourism in the City, in turn increasing transient occupancy tax revenue and supporting local businesses.

DISADVANTAGES:

No disadvantages with approving the Annual Report are identified.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. AGTBID Strategic Plan 2021-2024
2. 2023 Annual Report by Verdin Marketing