



MEMORANDUM

TO: City Council

FROM: Sheridan Bohlken, Director of Recreation Services

SUBJECT: Approve Agreement for Marketing Services for Arroyo Grande Tourism Business Improvement District

DATE: September 9, 2024

RECOMMENDATION:

- 1) Approve a Professional Services Agreement with Commune Communications for marketing services for the Arroyo Grande Tourism Business Improvement District (AGTBID); and
- 2) Determine that approving an Agreement for marketing services for the AGTBID is not a project subject to the California Environmental Quality Act ("CEQA") because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.)

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The AGTBID Budget for FY 2024-25 allocates \$250,000 for Marketing Services, which includes media buys and related expenditures.

BACKGROUND:

Established in 2013, the AGTBID provides revenue to fund services, activities, and programs that promote lodging businesses within the district through the marketing of scenic, recreational, and cultural attractions. Operating as the destination marketing organization (DMO) "Visit Arroyo Grande," the AGTBID supports seven (7) hotels and over sixty-one (73) vacation rental/home stays. The AGTBID is governed by an Advisory Board composed of Council-appointed members, representing the lodging and tourism industry.

The current AGTBID budget includes a dedicated allocation for marketing efforts aimed at increasing occupancy rates in local lodging establishments. In 2018, the Council approved a contract with Verdin Marketing to develop and implement tourism marketing strategies for the AGTBID. Since then, Verdin has spearheaded various initiatives, including the development of a tourism website, rebranding efforts, a monthly e-newsletter, and advertising campaigns. However, the current contract amendment with Verdin is set to expire on October 31, 2024 (Attachment 2).

Item 9.e.

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On [February 20, 2024](#)¹, the AGTBID Board reviewed, amended, and approved the Request for Proposals (RFP) for marketing, communications, website management, and social media services. An Ad-Hoc Committee, composed of Vice Chair Kunkle and Board Member Worthen, was tasked with reviewing proposals and providing a recommendation to the AGTBID Board. On [August 20, 2024](#)², the AGTBID Advisory Body reviewed nine (9) proposals and unanimously recommended that the City Council approve a Professional Services Agreement with Commune Communications for marketing services.

ANALYSIS OF ISSUES:

The RFP for Marketing Services for the AGTBID was released on April 1, 2024, and closed on April 29, 2024. The RFP process attracted an unprecedented response with nine (9) proposals submitted for review. The following firms participated:

- Bastion – Orange County, CA
- BonCom – Salt Lake City, Utah
- Commune Communication – Long Beach, CA
- Island City Media – Hollywood, CA
- JayRay – Tacoma, WA
- Pirene – Italy
- Verdin Marketing – San Luis Obispo, CA
- WeUsThem – Halifax, Nova Scotia, Canada
- Mascola Group – New Haven, Connecticut

The Ad-Hoc Committee held five (5) meetings, during which they conducted interviews, reviewed work samples, and checked references. The Committee prioritized the following criteria in their selection process:

- Innovation in marketing strategies that could enhance the visibility of the district.
- Ability to increase overnight stays, particularly during off-peak seasons.
- Creativity in executing campaigns across various media platforms.
- Demonstrated success in working with DMOs or similar organizations.

Following a detailed review, the Committee interviewed five (5) top candidates: Bastion, BonCom, Commune Communications, JayRay, and Verdin Marketing. Commune Communications emerged as the top choice, owing to its combination of strategic

¹<https://pub-arroyogrande.escribemeetings.com/Meeting.aspx?Id=b9dde1b0-31a4-45c5-8ab4-f55fe345ff45&lang=English&Agenda=Agenda&Item=15&Tab=attachments>

²<https://pub-arroyogrande.escribemeetings.com/Meeting.aspx?Id=be3a96f5-2a4f-4a4f-bccb-2e7feba3e64b&lang=English&Agenda=Agenda&Item=10&Tab=attachments>

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planning capabilities, geolocation services, robust design skills, and experience with large-scale tourism campaigns.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Approve a Professional Services Agreement with Commune Communications for AGTBID marketing services;
2. Approve a new Professional Services Agreement with an alternate firm for AGTBID marketing services; or
3. Provide other direction to staff.

ADVANTAGES:

Commune Communication offers a unique blend of in-house strategic planning, geolocation services, and branding expertise. Based in California, they have extensive experience with large-scale tourism campaigns and metropolitan markets, yet they possess the flexibility and dedication needed to serve a smaller community such as Arroyo Grande. Their proximity to Arroyo Grande also ensures they can engage in regular on-site meetings and projects as needed.

DISADVANTAGES:

Transitioning to a new marketing firm will involve an adjustment period for both AGTBID and Commune Communications to establish routines, build relationships with stakeholders, and familiarize themselves with local tourism partners such as Visit SLO CAL.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item. Approving an Agreement for marketing services for the AGTBID is not a project subject to the California Environmental Quality Act ("CEQA") because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.)

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. Proposed Professional Services Agreement with Commune Communications
2. Current Agreement Amendment with Verdin Marketing