



MEMORANDUM

TO: City Council

FROM: Whitney McDonald, City Manager

BY: Sarah Lansburgh, Deputy City Clerk

SUBJECT: Consideration of Proposals for Tourism Marketing Services for the Arroyo Grande Tourism Business Improvement District, Selection of a Marketing Firm, and Approval of an Agreement for Consultant Services

DATE: June 14, 2022

SUMMARY OF ACTION:

Review and selection of a marketing firm and approval of an agreement for tourism marketing services for the Arroyo Grande Tourism Business Improvement District (AGTBID).

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The proposed Fiscal Year 2022-23 operating budget for the AGTBID includes \$225,000 for tourism marketing services. The cost of the agreement with the selected consultant will be for an amount not to exceed the approved budget amount and will be paid from the Fiscal Year 2022-23 AGTBID budget. The AGTBID currently has a beginning fund balance of \$325,075. The agreement will continue to be managed by the South County Chambers of Commerce (SCCC). There will be minimal impact on City staff related to processing payments for tourism marketing services provided through the agreement.

RECOMMENDATION:

1) Review proposals received from Madison Strategies & Kassandra Maher Marketing and Verdin Marketing for AGTBID tourism marketing services; 2) Select a marketing firm; and 3) Authorize the City Manager to enter into an Agreement for Consultant Services in an amount not to exceed the approved budget amount in a form approved by the City Attorney.

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

Item 11.a.

City Council

Consideration of Proposals for Tourism Marketing Services for the Arroyo Grande Tourism Business Improvement District, Selection of a Marketing Firm, and Approval of an Agreement for Consultant Services

June 14, 2022

Page 2

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.

The AGTBID budget allocates a certain amount of funding toward marketing activities, or the development of marketing activities. The City has contracted with a professional firm for print, web, social media and email marketing since inception of the AGTBID.

In June 2018, the Council approved an agreement with Verdin Marketing for tourism marketing services to provide a fresh perspective and innovative ideas given the current economic climate and needs of Arroyo Grande's tourism market (Attachment 3). 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 current contract with Verdin Marketing will expire on June 30, 2022. The costs of the current contract are not to exceed \$166,500, the amount previously budgeted for tourism marketing services through the annual operating TBID budget.

At the March 28, 2022 AGTBID Board special meeting, the AGTBID Advisory Board reviewed and approved a Request for Proposals (RFP) for marketing, communications, website management, and social media services for Visit Arroyo Grande. The RFP was published on April 7, 2022, and closed May 13, 2022, at 5:00 p.m. Additionally, the South County Chambers of Commerce distributed the RFP to local marketing firms as well as some state and national firms. This outreach was executed through eblast (group email), social media, boosted social media posts, and direct emails. Five firms submitted proposals: ShuBu Creative (Colorado), WeUsThem (Nova Scotia, Canada), GoodSides (California), Madison Strategies & Kassandra Maher Marketing (Washington), and Verdin Marketing (California).

At the AGTBID Board special meeting on May 23, 2022, the Advisory Board reviewed the proposals and selected two firms for further consideration: (1) Madison Strategies & Kassandra Maher Marketing and (2) Verdin Marketing. The Board agreed to invite the two firms to a special Board meeting on May 31, 2022 to make a 10- to 15-minute presentation via Zoom.

At the May 31, 2022 AGTBID Board special meeting, the AGTBID Advisory Board received presentations from Madison Strategies & Kassandra Maher Marketing and Verdin Marketing. At the conclusion of the meeting, the Advisory Board recommended that the City Council consider and select one of the two firms, Madison Strategies & Massandra Maher Marketing and Verdin Marketing, as the AGTBID tourism marketing

Item 11.a.

City Council

Consideration of Proposals for Tourism Marketing Services for the Arroyo Grande Tourism Business Improvement District, Selection of a Marketing Firm, and Approval of an Agreement for Consultant Services

June 14, 2022

Page 3

services consultant. The Advisory Board did not reach a determination on which firm to recommend to the City Council.

ANALYSIS OF ISSUES

The proposed agreement for tourism marketing services would be for a one-year period with the City's option to extend the agreement for a second and third year upon mutual consent of the parties. Representatives from Madison Strategies & Kassandra Maher Marketing and Verdin Marketing will provide a brief presentation of their proposals and be available to answer questions from the Council. It is recommended that the City Council consider the presentations and proposals, discuss and select a firm, and authorize the City Manager to execute an agreement with the selected firm in a form approved by the City Attorney and in amount not to exceed the amount budgeted for the services in the approved AGTBID operating budget.

At the time that the RFP was published, it was anticipated that the costs for the tourism marketing services would not exceed the previously-budgeted amount of \$166,500. However, the current proposed operating budget for Fiscal Year 2022-23 would increase funding and the scope of services for the tourism marketing consultant to \$225,000. As a result, the two firms presented for consideration, Madison Strategies & Kassandra Maher Marketing and Verdin Marketing, have provided updated cost estimates and scopes of work consistent with the proposed Fiscal Year 2022-23 budget. It is recommended that the consultant services agreement allow for payment for services not to exceed the approved budget amount to account for the increased services requested by the AGTBID Advisory Board in the Fiscal Year 2022-23 budget. Because the proposed Fiscal Year 2022-23 Budget proposes to use a portion of fund balance to pay for the overall operating budget, it is possible that, in future years, the tourism marketing consultant services will be reduced to account for reductions in funding. Additionally, some tasks included in the proposals and approved budget will likely be completed and no longer necessitate the higher not-to-exceed amount. The consultant services agreement would include terms to address this possibility.

ALTERNATIVES:

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

1. Review proposals from Madison Strategies & Kassandra Maher Marketing and Verdin Marketing, select a firm, and authorize the City Manager to execute an agreement in a form approved by the City Attorney in an amount not to exceed the amount approved in the AGTBID operating budget for the services; or
2. Review proposals from Madison Strategies & Kassandra Maher Marketing and Verdin Marketing, select a firm, and authorize the City Manager to execute an agreement in a form approved by the City Attorney in a different amount than the approved budget;

City Council

Consideration of Proposals for Tourism Marketing Services for the Arroyo Grande Tourism Business Improvement District, Selection of a Marketing Firm, and Approval of an Agreement for Consultant Services

June 14, 2022

Page 4

3. Review proposals from Madison Strategies & Kassandra Maher Marketing and Verdin Marketing, select a firm, and direct that staff return with a Consultant Services Agreement for approval at a future City Council meeting;
4. Review proposals from Madison Strategies & Kassandra Maher Marketing and Verdin Marketing, do not select a firm, and provide further direction to staff;
5. Provide other direction to staff.

ADVANTAGES:

The selection of a marketing firm will enable to AGTBID to continue moving forward in the process for improving upon the current tourism marketing program. This in turn will help increase local hotel stays, accomplish the goals of the AGTBID, improve the local economy, and demonstrate results to the lodging businesses.

DISADVANTAGES:

There are no disadvantages identified by selecting a marketing firm and entering into an agreement for consultant services for the AGTBID.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

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. Proposal Quick Preview – Madison Strategies & Kassandra Maher Marketing
2. Proposal Quick Preview – Verdin Marketing
3. Current Agreement with Verdin Marketing, Inc.