



CALISTOGA
CHAMBER OF COMMERCE

June 5, 2012

Richard Spitler
City Manager
City of Calistoga

Dear Richard:

The Calistoga Chamber of Commerce Board of Directors is sending you this proposal for the Professional Services Agreement between the City of Calistoga and the Calistoga Chamber of Commerce in the execution of destination marketing services. Our current agreement expires on June 30, 2012.

While the Chamber of Commerce, representing Calistoga's business community, is not in agreement with any reduction of investment in destination marketing, we appreciate the City's delicate financial situation. The Chamber of Commerce and its business members have consistently delivered a strong return on the City's investment over the past several years.

In the spirit of partnership and in an expression of our confidence in the work that we do on behalf of the City, we suggest the following modifications to our contract for fiscal year 2012~2013:

Scope of Services: No change to 2011/12 Agreement

Time of Performance: July 1, 2012 through June 30, 2013

Compensation and Method of Payment:

- Base Compensation: \$252,000.00 (\$21,000.00 per month)
 - Timing of Payment: No later than the 15th of each month
- Performance Bonus: Up to \$50,000.00 (up to \$12,500.00 per quarter)
 - Timing of Payment: Within 30 days of close of each quarter.
 - Payment Criteria: When the TOT generated during a quarter exceeds the City's budgeted projections of 3.5% growth over the same period for the previous year, the incremental revenues generated will be re-invested into the destination marketing



CALISTOGA
CHAMBER OF COMMERCE

agreement up to a maximum of \$12,500.00 per quarter. Should any quarter's payout fall short of the \$12,500.00 maximum but the year end incremental TOT exceeds the 3.5% budgeted growth, a year end reconciliation payment will be made to ensure the maximum performance bonus of \$50,000.00 is achieved.

- Assumptions:
 - The City has calculated a reduction of \$50,000 in destination marketing investment in order to balance its proposed 2012-13 budget.
 - The destination marketing operating budget will be adjusted to reflect the proposed funding decrease (see attached).
 - The City has budgeted a 3.5% increase in TOT revenues in its proposed 2012-13 budget
 - The City has no budgetary risk as the bonus payments are made only when incremental revenue is generated.
 - Destination marketing efforts generate TOT

We hope that you will find this to be a reasonable compromise, which will assist the City in achieving a balanced budget. We are confident that our efforts will continue to deliver greater than projected results, which will benefit the City and all of its residents.

I look forward to your feedback and questions regarding this proposal.

Sincerely,

COPY

Lil Ticen
Chairperson
Calistoga Chamber of Commerce

Destination Marketing Service Agreement Budget Calistoga Chamber

| Expenses | Expense Allocation | Projected 2012 | Original Proposal 2013 | Revised Proposal 2013 |
|--|--------------------|-----------------------|------------------------|-----------------------|
| | | Destination Marketing | Destination Marketing | Destination Marketing |
| Accounting | 60% | \$ (3,300) | \$ (3,600) | \$ (3,600) |
| Bank Charges (inc. CC merch.) | 25% | \$ (778) | \$ (1,000) | \$ (1,000) |
| Billboard Campaign | 100% | \$ (7,500) | \$ - | \$ - |
| Computer Repairs / Replacement | 40% | \$ (500) | \$ (1,000) | \$ (1,000) |
| Depreciation Expenses | 70% | \$ (1,904) | \$ (2,250) | \$ (2,000) |
| Dues / Subscriptions | 30% | \$ (482) | \$ (750) | \$ (500) |
| Equipment/Copier Lease/Service | 70% | \$ (3,434) | \$ (3,750) | \$ (3,750) |
| Insurance | 60% | \$ (2,899) | \$ (3,500) | \$ (3,500) |
| Janitorial | 70% | \$ (1,425) | \$ (1,500) | \$ (1,500) |
| PR Firms / PR Prep | 100% | \$ (29,000) | \$ (25,000) | \$ (15,000) |
| Internet Marketing | 100% | \$ (45,000) | \$ (45,000) | \$ (25,000) |
| Meeting Expenses | 25% | \$ (500) | \$ (750) | \$ (500) |
| Print Media | 85% | \$ (4,500) | \$ (7,500) | \$ (3,000) |
| Website Maintenance/Creative | 25% | \$ (4,500) | \$ (3,500) | \$ (3,500) |
| Office Supplies | 60% | \$ (2,050) | \$ (2,250) | \$ (2,250) |
| Payroll Expenses ** | Varies | \$ (166,130) | \$ (169,410) | \$ (156,516) |
| Postage (visitor guides) | 70% | \$ (1,275) | \$ (1,500) | \$ (1,275) |
| Rent | 70% | \$ (16,800) | \$ (16,800) | \$ (16,800) |
| Repairs/Maintenance | 70% | \$ (750) | \$ (1,000) | \$ (1,000) |
| Supplies | 60% | \$ (250) | \$ (500) | \$ (500) |
| Taxes Fed / State | | \$ (55) | \$ (55) | \$ (55) |
| Tel/Fax/Cell/Internet | 70% | \$ (3,000) | \$ (3,250) | \$ (3,250) |
| Travel / Entertainment / Fam Trips | 70% | \$ (1,500) | \$ (2,250) | \$ (1,750) |
| Electric/Gas | 70% | \$ (2,836) | \$ (3,250) | \$ (3,250) |
| Trash | 70% | \$ (450) | \$ (550) | \$ (550) |
| Water | 70% | \$ (885) | \$ (1,100) | \$ (1,100) |
| Total Expenses: | | \$ (301,703) | \$ (301,015) | \$ (252,146) |
| City Destination Marketing Funding: | | \$ 302,000 | \$ 302,000 | \$ 252,000 |
| Net: | | \$ 297 | \$ 985 | \$ (146) |

Payroll Expenses in Detail

Includes pay, payroll tax, workers comp tax, health care (\$350 per month per employee)
There is currently no retirement benefit available to employees

| Position | Compensation allocated to Destination Marketing | |
|--------------------------------|---|------------|
| PR & Marketing Manager | 100% | \$ 49,330 |
| Weekend Staff | 100% | \$ - |
| Events Coordinator | 80% | \$ 32,243 |
| Visitor Center & Member Coord. | 70% | \$ 33,564 |
| Executive Director | 35% | \$ 41,379 |
| | | \$ 156,516 |

All financial records are available to the public upon request

