

City of Calistoga Staff Report

TO: Honorable Mayor and City Council
FROM: Dylan Feik, City Manager
DATE: June 20, 2017
SUBJECT: Professional Services Agreement with the Calistoga Chamber of Commerce for Marketing and Promotional Services

APPROVAL FOR FORWARDING:



Dylan Feik, City Manager

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2 **ISSUE:** Consideration of a Resolution authorizing the City Manager to execute a
3 professional services agreement in the amount of \$400,000 with the Calistoga Chamber
4 of Commerce for marketing and promotional services beginning Fiscal Year 2017-18,
5 \$450,000 for Fiscal Year 2018-19 and \$400,000 plus CPI increase for Fiscal Year 2019-
6 20.

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8 **RECOMMENDATION:** Adopt Resolution.

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10 **BACKGROUND/DISCUSSION:** The City of Calistoga has a longstanding beneficial
11 relationship with the Calistoga Chamber of Commerce. Each year, the City has
12 contracted with the Chamber to provide a robust and aggressive “destination marketing”
13 campaign which includes broad marketing and promotional services to support and
14 enhance the community’s tourism and economic base. In addition, construction has
15 commenced on two resort projects and the City anticipates and plans for the impact of
16 these projects and related developments on the community.

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18 The current contract with the Chamber of Commerce is set to expire on June 20, 2017,
19 and is \$342,793. Just prior to a budget workshop in May, the Calistoga Chamber of
20 Commerce Board President, Steve Patel, provided a letter to the city manager
21 requesting the opportunity to discuss a three-year contract renewal. The request is to
22 increase City contributions to the Destination Marketing program to \$400,000 in Fiscal
23 Year 2017-18, increase again to \$450,000 in Fiscal Year 2018-19, and use a CPI

24 increase for Year One in FY2019-20 (\$400,000 + est. 3.8% CPI). On Thursday, May
25 11th, the city manager met with Steve Patel to discuss the proposal and invited the
26 Chamber to make the request, formally, at an upcoming City Council meeting. Staff
27 understands and confirms the Chamber has outlined new/additional programs, strategies
28 and/or special events which would become part of the Destination Marketing Contract
29 (attachment 4).

30
31 Given the dominant role that visitor activity plays in the Calistoga economy (transient
32 occupancy tax and visitor related sales tax are the City’s dominant sources of revenue),
33 well focused and professional marketing and promotion of Calistoga as a destination for
34 visitors is essential. The professional services agreement, with its specific scope of
35 work, will continue to ensure that Calistoga receives the marketing and promotional
36 efforts that are necessary to remain competitive in the challenging visitor economy.
37 Staff will continue to work with the Chamber to develop meaningful quarterly report
38 formats and data points to inform the City Council and community of efforts undertaken,
39 progress made, and emerging trends which affect Calistoga. The proposed contract will
40 expire on June 30, 2020.

41
42 The history of the Destination Marketing contract is outlined below –

<i>Fiscal Year</i>	Destination Marketing Funds (Contract Amount)	Total Transient Occupancy Tax Collections	Destination Marketing Funds (as % of Total TOT)
FY 09-10	\$ 309,037	\$ 3,062,370	10.1%
FY 10-11	\$ 307,000	\$ 3,431,506	8.9%
FY 11-12	\$ 302,000	\$ 3,764,680	8.0%
FY 12-13	\$ 252,000	\$ 3,950,623	6.4%
FY 13-14	\$ 300,000	\$ 4,456,456	6.7%
FY 14-15	\$ 325,000	\$ 5,037,134	6.5%
FY 15-16	\$ 333,125	\$ 5,622,939	5.9%
FY 16-17	\$ 342,793	\$ 5,940,002	5.8%
FY 17-18 BUDGET	\$ 355,826	\$ 6,147,902	5.8%
FY17-18 Proposed Contract	\$ 400,000	\$ 6,147,902	6.5%
FY18-19 Proposed Contract	\$ 450,000	\$ 6,270,860	7.2%
FY19-20 Proposed Contract	\$ 415,200	\$ 6,396,277	6.5%

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45 Staff has requested the Chamber to provide a report of the current contract and invited
46 them to make their request to the City Council on Tuesday, June 20.

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48 **FISCAL IMPACT:** City staff included a 3.8% contract increase in the Fiscal Year 2017-
49 18 Budget which will be adopted on June 20th. The amount is \$355,826. Should the
50 Council award a contract in the amount of \$400,000, the remaining balance (\$44,174)
51 would come from unappropriated fund balance, account 01-4176-4402.
52

53 **ATTACHMENTS:**

- 54 1. Draft Resolution
- 55 2. Draft Professional Services Agreement and Scope of Services
- 56 3. Destination Marketing "Endeavors & Successes" Presentation
- 57 4. Destination Marketing Program Accounting Details for FY15, FY16 and FY17
- 58 5. Destination Marketing Program Budget Breakdown FY18

RESOLUTION NO. 2017-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA,
STATE OF CALIFORNIA, AUTHORIZING THE EXECUTION OF A THREE YEAR
PROFESSIONAL SERVICES AGREEMENT WITH THE CALISTOGA CHAMBER OF
COMMERCE FOR MARKETING AND PROMOTIONAL SERVICES IN THE AMOUNT OF
\$400,000 DURING THE FIRST YEAR

Authorizing Agreement No. XXX

WHEREAS, Calistoga was founded as a resort community and enjoys and depends upon a high rate of tourism; and

WHEREAS, tourism constitutes a major industry in Calistoga, and the City receive a significant portion of its revenues from taxes (Transient Occupancy Tax) generated by the tourist industry; and

WHEREAS, the City Council recognizes the need to aggressively promote the community in order to maintain and enhance our attractiveness as a tourist destination; and

WHEREAS, the City of Council has contracted with the Calistoga Chamber of Commerce in the past for community promotional services; and

WHEREAS, while the City Council finds that such a relationship has been beneficial to the community, the City Council desires to accept the recommendation of the Council appointed subcommittee to promote focused marketing and promotional strategies in the future.

NOW, THEREFORE, BE IT RESOLVED that the Calistoga City Council hereby approves the terms of the proposed services for marketing and promotional services by the Calistoga Chamber of Commerce reflecting substantially the same Scope of Services as set forth in the attached agreement.

BE IT FURTHER RESOLVED that the City Council of the City of Calistoga hereby authorizes the City Manager to enter into a three year professional services agreement with the Calistoga Chamber of Commerce with the initial amount of annual compensation of \$400,000 as set forth in Exhibit A to this Resolution and in accordance with terms of a Professional Services Agreement each of the following two years, subject to review and approval by the City Attorney;

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this 20th day of June 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CHRIS CANNING, Mayor

ATTEST:

KATHY FLAMSON, City Clerk