



Staff Reports

File #: 348-2020, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Vin Smith, Community Development Director
Prepared By: Stephanie Cajina, Senior Development Specialist

TITLE:

Agreement for Marketing, Advertising, Public Relations, Event Planning & Related Services for Tourism Promotion - Napa Tourism Improvement District (Napa TID)

RECOMMENDED ACTION:

Authorize the Community Development Director to negotiate and execute an agreement with D. Augustine & Associates, Inc. for marketing, advertising, public relations, event planning and related services for tourism promotion for the term of October 1, 2020 to June 30, 2021 for an amount not-to-exceed of \$450,000.

DISCUSSION:

Background

The Napa Tourism Improvement District fund is managed by the City, with oversight by the Napa Tourism Improvement District Local Governing Committee ("LGC"), as defined by the Napa Valley Management District Plan ("MDP"). At a Special meeting held on May 15, 2020, the LGC voted to recommend Council approval of the FY 2020-21 Budget and Work Plan. This item was presented and approved by Council at the June 2, 2020 meeting.

Consistent with past years, the most significant expenditure in the LGC Budget and Work Plan is the "Advertising and Marketing" line item. This budgeted line item reflects the most critical part of the Work Plan - the contract(s) for Marketing, Advertising, Public Relations, Event Planning & Related Services that must be performed to meet the Napa Valley Tourism Improvement District assessment's purpose and intent.

The City provides administrative staff support to the LGC and part of that support includes the planning and execution of the procurement process for the professional marketing and advertising services described above.

Reduction in Budget

The City's Finance Department studies the Napa TID revenue trends and produces a projected revenue amount that the City expects to collect in the new fiscal year. Due to the economic impact of the COVID-19 pandemic, the projected revenue for the Napa TID is drastically lower than in previous years. For Fiscal Year 2020--2021, the City Finance Department estimates that the City will collect

approximately \$438,600 in revenue designated for the City's local destination marketing program. This estimate is approximately a 55% decrease over the prior fiscal year revenue estimate of \$964,000.

Consequently, the Napa TID voted at a special meeting held on May 15, 2020, to utilize funds from its Unreserved Fund Balance, which was projected to be \$325,948. In total, by utilizing unreserved funds (\$325,948) and projected Napa TID assessment revenues (\$438,600 and \$5,000 in interest earnings), the Napa TID now has an operating budget that totals \$768,500. This operating budget is \$181,019 less than the previous fiscal year's operating budget of \$949,519.

For FY 20-21, the Napa TID focused its decreased budget revenue on meaningful marketing efforts to support the economic recovery of the City of Napa's local lodging industry and mitigate the economic impacts of the COVID-19 pandemic.

Contract Renewal

The City currently had marketing contracts with Astra Digital Services and D. Augustine & Associates. Because of the decrease in TID revenue due to the pandemic, the Napa TID voted at a Special Meeting held on June 4, 2020 to recommend that the City Council only renew one of the marketing services contracts.

On August 25, 2020, the Napa TID heard marketing proposals from both Astra Digital Services and Augustine & Associates and recommended that the City Council renew the marketing services contract with Augustine & Associates for the period of October 1, 2020 - June 30, 2021 for an amount not to exceed \$400,000 in base costs and \$50,000 for optional services. Augustine's renewal proposal (Attachment 1) goes into detail on their proposed scope of work. Additionally, the attached proposal budget (Attachment 2) further details their proposed budget. The additional \$50,000 allocated in optional services will be utilized for marketing, advertising, public relations, event planning & related services that are not explicitly outlined in their Scope of Work and are approved by the City.

Staff recommends that the City Council authorize the Community Development Director to finalize negotiations, and execute a contract with, Augustine & Associates, based on the attached proposal and budget (Attachments 1 and 2 for an amount not to exceed \$450,000.

FINANCIAL IMPACTS:

There is no financial impact on the City's General Fund. The Napa Tourism Improvement District was formed by Napa County through a two percent assessment of gross room rentals received from lodging businesses throughout the county. Napa TID funds are to be expended for tourism promotion in accordance with the approved Management District Plan. The City retains 25 percent of the assessment revenue collected within the City limits, to be used for promotion purposes as set forth in an annual work plan and budget prepared by the Napa TID and approved by City Council.

The City also retains one percent of the assessment revenue as an administrative fee. No activities implemented as a part of the Napa TID budget are supported by the General Fund. The marketing

allocation is the revenue source for funding the Augustine & Associates agreement. The proposed not-to-exceed amount of \$450,000 is within the proposed FY 2020-21 Budget and Work Plan as recommended by the Napa TID.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060.

DOCUMENTS ATTACHED:

ATCH 1 - Services Agreement Proposal from the D. Augustine & Associates Agency

ATCH 2 - Services Agreement Proposal Budget from the D. Augustine & Associates Agency

NOTIFICATION:

The Napa Tourism Improvement District Local Governing Committee and the staff of D. Augustine & Associates have been notified of this agenda item and an agenda has been posted in publicly accessible locations as required by law.