


DATE: 05/18/98⁹⁹ AGENDA ITEM # 15
() APPROVED () DENIED
() CONTINUED TO _____

To: James L. App, City Manager
From: Mike Compton, Director of Administrative Services 
Subject: Paso Robles VCB Contract
DATE: May 18, 1999

Need:

For the Council to consider approval of a professional services agreement for tourism promotion services with the Paso Robles VCB.

Facts:

1. The prior agreement with the VCB expired 6/30/98.
2. The Fiscal Policy Committee and staff met with representatives of the Chamber and VCB to negotiate a new agreement for the four period ending 6/30/2002.
3. The attached agreement represents the level of tourism promotional services desired by the City for the next four years and compensation to the VCB for providing said services.

Analysis and
Conclusions:

The negotiated agreement is similar in most respects to the prior agreement. However, there are differences and they are identified as follows:

- a. VCB presence at the North County Transit Center; Monday through Friday from 1 p.m. to arrival of the second Amtrak train (approximately 5:00 p.m).
- b. Consistent with City policies and tourism promotion objectives, the VCB has the authority to sublet a portion of the "visitors center" to generate revenues.
- c. Working with the Department of Library & Recreation, the VCB may submit a proposal by 1/1/99 to provide booking services for the multipurpose conference center at City Hall.
- d. Base annual compensation to decrease over time as an incentive for the VCB to become increasingly more self sufficient financially.
- e. Provision that the City may appropriate additional compensation for specific new projects and/or services performed by the VCB.

Similarities include an incentive provision based upon annual transient occupancy tax collections which exceed a base amount pre-established for each fiscal year of the agreement and an automatic reduction in the base compensation should the City's General Fund expenditure budget be reduced due to revenue shortfalls. Any decrease in City paid compensation may result in reduction of services provided by the VCB.

While both parties have operated under the terms of the this agreement since last summer, due to an oversight, the agreement was never presented for formal Council approval.

15-1

Fiscal
Impact:

The proposed agreement provides for a modest increase in compensation during the first two fiscal years; from \$146,000 to \$151,000. However, during the subsequent two fiscal years, annual compensation will decline to \$146,500 and \$139,100, respectfully.

The incentive provision provides for additional compensation at the rate of \$0.25 per \$1.00 of transient occupancy taxes collected in excess of a base amount. The base amounts over the four year period are \$594,600, \$715,000, \$750,000 and \$775,000. The base amount in the first year (current year) has been modified, in accordance with the agreement with the VCB, due to the delay in the construction of the Holiday Inn Express. In any subsequent fiscal year, the base amount will be reduced by \$6,700 per month for every month or proportional share thereof that the Holiday Inn Express is not operational.

Options:

- a. That the Council adopt a resolution approving a new agreement with the Paso Robles Visitors and Convention Bureau for the four year period ending June 30, 2002; or
- b. Amend, modify or reject any of the options above.

RESOLUTION NO. 99-

A RESOLUTION OF THE CITY OF EL PASO DE ROBLES
APPROVING AN AGREEMENT WITH THE PASO ROBLES
VISITOR AND CONVENTION BUREAU FOR TOURISM
PROMOTION SERVICES

WHEREAS, the City has an existing arrangement with the Paso Robles Visitor and Convention Bureau to provide tourism promotion services; and

WHEREAS, the prior agreement expired June 30, 1998; and

WHEREAS, the Council is desirous of continuing its relationship with the Paso Robles Visitor and Convention Bureau to assist the City in meeting the tourism promotional component of the City's Economic Strategic Plan; and

WHEREAS, the Paso Robles Visitor and Convention Bureau has the experience and knowledge to successfully promote tourism to enhance the economic vitality of Paso Robles.

NOW, THEREFORE, BE IT RESOLVED by the City of El Paso de Robles that the agreement with the Paso Robles Visitor and Convention Bureau attached herewith is approved and the City Manager is authorized to execute said agreement.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 18th day of May, 1999 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Duane Picanco, Mayor

ATTEST:

Madelyn Paasch, City Clerk

**AGREEMENT BETWEEN THE CITY OF PASO ROBLES AND THE PASO ROBLES
CHAMBER OF COMMERCE INC. FOR THE PROVISION OF TOURISM PROMOTION SERVICES**

THIS AGREEMENT, effective 7/1/98, is made and entered into this 18th day of May, 1999, by and between the City of Paso Robles, hereafter referred to as the "CITY", and the Paso Robles Chamber of Commerce, Inc., through its Visitor and Conference Bureau, hereafter referred to as the "VCB".

WHEREAS, the VCB has special knowledge and experience together with available facilities and to provide tourism promotion necessary to enhance the economic vitality of Paso Robles; and

WHEREAS, the CITY desires to have the VCB provide these services in order to facilitate economic development throughout the City; and

WHEREAS, the VCB is willing to provide services hereinafter set forth on behalf of the CITY in the manner and for the purpose hereinafter provided:

The City of Paso Robles hereby enters into a contract to purchase tourism marketing services to be provided by the Paso Robles Chamber of Commerce via their Visitors and Conference Bureau.

1. VCB RESPONSIBILITIES.

The VCB's efforts under this contract shall include but are not limited to:

a. Visitors and Conference Bureau marketing:

- Enhance the image of Paso Robles as an "end destination"
- Maintain and enlarge Paso Robles' market share of the California tourism market
- Coordinate the individuals, organizations, agencies and other resources in the community that are tourism related
- Increase tourism in the off-season
- Build small group and conference business
- Educate the public as to the importance of tourism on the local economy and role in the economic strategic plan
- Build end-destination tour packages with Amtrak
- Development group sales/conference market

b. Visitors and Conference Bureau promotions:

- Advertising
 - newspaper placements
 - radio promotions
 - magazine placements
 - billboard placements
 - television placements
 - travel guide advertisements
 - cooperative advertising efforts
 - direct mail programs
 - video promotions
 - ad response tracking
- Promotional materials
 - design and implementation of various brochures
 - sales kits
- Attendance and promotion at trade shows
- Staff and operate two (2) visitor centers

15-4

- Downtown location
 - North County Transportation Center
- Media relations
- Special event coordination
- Meetings and conference marketing
- Visitor Tracking
- Market Research
- Image enhancement; City theme, directional signage and entrance monuments

2. MISCELLANEOUS.

- a. The City grants the VCB permission to operate a Visitors Center at the North County Transportation Center at no cost for the duration of this agreement. The VCB may sublet a portion of the Visitors Center as a revenue source for the VCB. Sublet must be consistent with City policies and the goals and objectives of the VCB and serves the traveling/tourism public.
- b. Working with the City, through the Department of Library & Recreation Services, prepare and submit a proposal by 1/1/99 to act as the booking agent for the Multipurpose Conference Center at City Hall.

3. COMPENSATION.

In consideration of the services performed by the VCB, the CITY will make payments as follows:

- a. For the fiscal year beginning July 1, 1998, the CITY will pay the VCB \$151,000 in four equal quarterly installments as "base" compensation.
- b. For the fiscal year beginning July 1, 1999, the CITY will pay the VCB \$151,000 in four equal quarterly installments as "base" compensation.
- c. For the fiscal year beginning July 1, 2000, the CITY will pay the VCB \$146,500 in four equal quarterly installments as "base" compensation.
- d. For the fiscal year beginning July 1, 2001, the CITY will pay the VCB \$139,100 in four equal quarterly installments as "base" compensation.
- e. In addition to the "base" compensation, the VCB shall be eligible to receive incentive compensation based upon transient occupancy tax revenue collections. Incentive compensation shall be paid at the rate of \$0.25 per \$1.00 in excess of the amounts identified in the following schedule:

Fiscal Year 1999	-	\$594,600
Fiscal Year 2000	-	\$715,000
Fiscal Year 2001	-	\$750,000
Fiscal Year 2002	-	\$775,000

Given that the amount in the above schedule for fiscal year 2000 includes a full year's operation of the Holiday Inn Express, it shall be prorated downward by \$6,700 per month, or proportional share of the month, whichever is less, for each month that the Holiday Inn Express is not operational.

Any incentive payments due under this provision shall be paid on or before September 30th of the following year.

- f. In the event that the City must reduce the General Fund budget expenditures in any given year during the term of this agreement, the base contract shall be reduced by the same percentage as the

15-5

overall General Fund budget reduction. The City recognizes that base contract reductions may result in a reduction of the services provided by the VCB.

- g. This agreement shall not prevent CITY from appropriating additional sums for specific projects which the CITY may desire to have performed by the CHAMBER.

4. VCB'S ANNUAL BUDGET.

- a. The VCB shall, by the first of April each year, submit to the CITY for review by the City Council, a proposed budget for the Visitors and Conference Bureau for each fiscal year covered by this AGREEMENT. This Budget shall include all funds proposed to be received from the CITY and how those funds will be spent.
 - (1) A base budget that will include, but not be limited to, the following items or portions of items which are directly attributable to tourism promotion and/or the operation of the visitors center: Salaries and benefits, rent, telephone charges, postage, office supplies, auto allowance, travel and meetings, equipment lease and maintenance.
 - (2) A capital and equipment budget that will reflect proposed purchases directly related to tourism promotion and/or the operation of the visitors center that shall include, but not be limited to, all durable equipment such as copy machines, computers, typewriters and office furniture. This budget will identify funding sources for each capital and equipment item.
 - (3) A copy of the VCB's Tourist Marketing Plan and subsequent update along with a special annual report demonstrating the implementation of the Marketing Plan.

5. VCB'S FINANCIAL RECORD KEEPING AND REPORTING.

The CITY shall have the right to audit the books, records and accounts of the VCB at any reasonable time in the VCB's offices. In addition, as part of its operations, the VCB shall:

- a. Furnish the CITY with three (3) quarterly statements of the financial activities of the VCB. Said statements shall include narrative reports of accomplishments and, when possible, relate actual expenditures to the accomplishments. These reports shall be submitted not later than and July 31, October 31, January 31.
- b. Furnish to the CITY by April 30 each year, an annual management effectiveness report. This annual report shall detail the extent of the effort undertaken by the VCB for tourism marketing and promotions as provided for in Section 1 for the preceding year.

6. POLITICAL ACTIVITY.

The VCB shall not use any monies received under this contract for the endorsement, opposition or participation in any public office campaign or other political or lobbyist activity.

7. HOLD HARMLESS.

The VCB shall defend and hold the CITY, its members, its officers, agents and employees, free and harmless from any and all liability for any damages whatever arising out of the acts of the VCB, its officers, employees or agents, in carrying out the terms of the agreement.

8. LIABILITY INSURANCE.

The Chamber and its VCB agrees to maintain in full force and effect during the term of the agreement public liability insurance in the sum of not less than Five Hundred Thousand Dollars (\$500,000.) for death or injury of one or more persons in any one accident; property and products damage insurance in a sum of not less than Twenty-Five Thousand Dollars (\$25,000.). All such insurance shall be carried with insurance companies satisfactory to the CITY, and shall name the CITY and Redevelopment Agency, its officers, agents, and employees as additional insured. The Chamber and its VCB shall cause to be furnished to the CITY certificates of insurance stating that such insurance is in full force and effect; that the premiums thereon have been paid; and that the insurance carrier will give the CITY at least ten (10) days prior written notice of cancellation, termination or modification. The CITY is not liable for the payment of premiums or assessments on this policy.

9. INDEPENDENT CONTRACTOR.

Notwithstanding any other representation, oral or written, between the parties, including any and all agents or representatives thereof, the VCB is at all times acting as a free and independent contractor, not as an agent of the CITY.

10. REVERSION OF FUNDS AND PROPERTY.

During the term of this agreement should the VCB be dissolved, disbanded, or otherwise cease to function in a manner described in this agreement, all funds attributable to the CITY, and equipment purchased out of funds provided by the CITY, shall revert to ownership of the CITY. For the purpose of this provision, the VCB shall maintain a written record of, and include as part of each annual report, a listing of capital equipment that has been purchased with the funds provided by the CITY.

11. TERM.

The term of this agreement shall be for a four year period, expiring on June 30, 2002 unless terminated earlier in accordance with Section 12 below.

12. NOTICE.

This agreement may be terminated in whole or in part at any time by either party hereto upon one year's written notice to the other as identified below, whereupon all rights and obligations of both parties hereto shall terminate as to the executory provisions of this agreement, and the payments from the CITY to the VCB hereunder shall be adjusted on a prorata basis to the date of the termination.

13. FULL AGREEMENT AND AMENDMENT

This document represents the entire understanding between the parties and supersedes all prior negotiations, representations or agreements, either written or oral. This agreement may only be amended by a writing signed by both parties.

IN WITNESS WHEREOF, this agreement is hereby executed as of the day and year first hereinabove written.

THE CITY OF PASO ROBLES
1000 Spring Street
Paso Robles, CA 93446

By _____
James L. App,
City Manager

THE PASO ROBLES
CHAMBER OF COMMERCE, INC.
1225 Park Street
Paso Robles, CA 93446

By _____
Sheree Davis,
Executive Director

By _____
Dee Mason, VCB Manager