

DRAFT

DATE: June 23, 2010

TO: Honorable Mayor and City Council Members
Chairman and Members, Community Development Commission

FROM: Economic and Community Development Department

SUBJECT: **APPROVAL OF A ONE-YEAR PROFESSIONAL SERVICES AGREEMENT WITH VISIT OCEANSIDE, INC. FOR FY 2010-2011 IN THE AMOUNT OF \$108,000 FOR MARKETING SERVICES AND OPERATION OF THE CALIFORNIA WELCOME CENTER–OCEANSIDE; AND AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE THE AGREEMENT**

SYNOPSIS

Staff recommends that the City Council approve a one-year professional services agreement with Visit Oceanside, Inc. (“VO”) for fiscal year 2010-2011 in the amount of \$108,000 for marketing services and operation of the California Welcome Center–Oceanside; and authorization for the City Manager to execute the agreement.

BACKGROUND

On March 17, 2010, the City Council adopted a resolution establishing a Tourism Marketing District, “TMD.” A TMD is a special benefits district permitted under California law (Property and Business Improvement District Law of 1994, Streets and Highways code Section 36600 et seq.) in order to provide funding for a collective marketing effort to benefit tourism.

Through the TMD local Oceanside hoteliers have committed to a joint marketing program with the intention of increasing their hotel occupancy and average daily rates. The industry expectation is that there will continue to be funding from the City, however, in a reduced amount. From the City’s perspective, the TMD will provide a greater commitment from the affected hotels and a reduction in financial support from the City while still having a joint marketing effort in place.

ANALYSIS

The funding of \$108,000 is for 2010-2011 only and is to accommodate the start up of the VO organization as there will be significant cash flow issues in the first quarter of 2010-2011.

The TMD assessment excluded from payment contracts entered into prior to the effective date of 4-1-10. In addition, as Transient Occupancy Tax payments are currently made quarterly, the TMD payments will be received quarterly as well. Therefore the TMD payments for the first quarter of April, May and June 2010 are due by July and will not be remitted to the VO until mid-August. As such, they will have no operational funding for 6 weeks. The funding is proposed as follows to assist in this issue.

The funding to the VO for FY 2010-2011 will be comprised of a first installment of \$51,000 to be paid in July 2010 with \$37,000 paid in September 2010, \$10,000 in December 2010, and \$10,000 in March 2011, for a total of \$108,000. The VO will pay the City of Oceanside \$31,750 in accordance with the attached Schedule A – Reimbursement of Funds from the Tourism Marketing District.

As a requirement of the proposed contract, the VO will prepare a written report to the Financial Services Department once per quarter per City Council Policy # 200-09. A verbal presentation will also be made to the City Council, the Economic Development Commission and the Redevelopment Advisory Committee once per fiscal year.

FISCAL IMPACT

The VO agreement runs from July 1, 2010 through June 30, 2011. For FY 2010-11 the Redevelopment Fund 300305591.5305 will support \$54,000 and the General Fund 101.604820.5252 will support the remaining \$54,000. Funding is available in the FY 2010-11 budget.

The VO will pay the City of Oceanside \$31,750 in accordance with the attached Schedule A – Reimbursement of Funds from the Tourism Marketing District.

INSURANCE REQUIREMENTS

Through the term of the agreement, the VO will maintain the City's normal insurance coverage requirements.

COMMISSION OR COMMITTEE REPORT

The Economic Development Commission reviewed this request at its June 1, 2010, meeting and supports the proposed professional services agreement.

The Redevelopment Advisory Committee reviewed this request at its June 23, 2010, meeting and supports the proposed professional services agreement.

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CITY ATTORNEY’S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve a one-year professional services agreement with the Visit Oceanside, Inc. (“VO”) for fiscal year 2010-2011 in the amount of \$108,000 for marketing services and operation of the California Welcome Center–Oceanside; and authorization for the City Manager to execute the agreement.

PREPARED BY:

SUBMITTED BY:

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Economic & Community Development
Director

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager
Teri Ferro, Financial Services Director

ATTACHMENTS/EXHIBITS:

1. Professional Services Agreement
2. Visit Oceanside Workplan
3. Visit Oceanside FY 2010-11 Budget

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