

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2007 OCT 11 PH 2:18

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Cultural Arts & Marketing Division
DATE: October 23, 2007

RE: **Report on FY 2005-07 Performance of the Oakland Convention & Visitors Bureau (OCVB) and Resolution Authorizing the City Administrator to Negotiate and Execute a Two-Year Professional Services Agreement with the Oakland Convention & Visitors Bureau to Provide Visitor Marketing Services in an Amount not to Exceed \$650,000 for Fiscal Year 2007-08 and \$650,000 for Fiscal Year 2008-09 and Provide a Financial Incentive should Transient Occupancy Tax Receipts Exceed Budgeted Revenues and OCVB Exceed its Annual Cumulative Economic Value Benchmark.**

SUMMARY

This is a report on the performance of the Oakland Convention and Visitors Bureau covering activities from July 1, 2005, to June 30, 2007. This report also includes a resolution authorizing the City Administrator to enter into a two-year professional services agreement with the OCVB to provide visitor marketing services during FY 2007-09. The Resolution also provides a financial incentive should Transient Occupancy Tax (TOT) receipts exceed annual budgeted revenues and OCVB exceed its annual cumulative economic value benchmark.

A comprehensive list of achievements was included in the OCVB 2005-06 and 2006-07 Annual Reports. The executive summary for the FY 06-07 OCVB annual report is included as **Attachment A**.

Major FY 2006-07 accomplishments include:

- Total economic impact of marketing activity = \$6 million (this represents a 3 percent decrease over FY 2005-06)
- Convention sales = \$4.5 million
- Event bookings = \$497,000
- Public Relations = \$980,000 in editorial placements
- In-Kind Marketing Support = \$85,000
- Website visitors = 346,000

Major FY 2005-06 accomplishments include:

- Total economic impact of marketing activity = \$6.2 million (this represents a 1.6 percent increase over FY 2004-05)
- Convention sales = \$4.1 million
- Event bookings = \$682,000

Item: _____

Community and Economic Development Committee
October 23, 2007

- Public Relations = \$1.3 million in editorial placements
- In-Kind Marketing Support = \$88,000
- Website = 362,266 visitors

It should be noted that the OCVB's 2006-07 accomplishments represent nearly a five-to-one return on baseline and incentive investment, which means that for every dollar the City invests in the OCVB, the organization returned \$4.76. Also of note is that this figure reflects only the group business generated by the OCVB and not individual leisure or business travelers attracted by the organization's marketing efforts.

FISCAL IMPACT

The City's FY 2007-09 Adopted Policy Budget includes appropriations to the OCVB of \$650,000 during FY 2007-08 and \$650,000 during FY 2008-09. These funds are included in Non-Departmental citywide marketing section of the budget, Organization 90521, Fund 1010, Project P18010, Program CE04. The FY 2007-09 funding level of \$650,000 per year is the same as was appropriated for the previous three fiscal years; however it represents a 27 percent reduction when compared to the funding level for FY 2003-04 and a 35 percent reduction when compared to the funding level for FY 2002-03.

The OCVB's adopted FY 2007-08 and projected FY 2008-09 operating budgets are enclosed as **Attachment B**.

FY 2007-09 payments to the OCVB will be made on a quarterly basis as specified in a two-year professional services agreement. The first payment in each fiscal year will provide 40 percent of the annual appropriation. On the first day of each of the next two subsequent quarters, the City shall pay 20 percent of the annual appropriation. If at the beginning of the final quarter of each fiscal year, the OCVB has achieved 75 percent of its annual performance standards, the City shall pay the final 20 percent of the appropriation. If the OCVB has not achieved 75 percent of its annual performance standards, the City Administrator shall negotiate the amount of the final quarterly payment based on work accomplished, pending bookings and other economic and industry conditions.

In addition, if the OCVB exceeds the cumulative economic value benchmark and the City's Transient Occupancy Tax (TOT) collections exceed the budget projections as outlined below, the City will pay the OCVB incentive premiums, according to the following schedule:

	FY 2007-08	FY 2008-09
Budgeted TOT estimate (TOT Baseline 1)	\$12,363,875	\$13,031,524
For FY 2007-08, 40 cents on each TOT dollar of collections between \$12,363,875 and \$13,363,875. For FY 2008-09, 40 cents on each TOT dollar of collections between \$13,031,524 and \$14,031,524.		

Maximum incentive for Step 1:	\$400,000	\$400,000
For FY 2007-08, 50 cents on each TOT dollar of collections between \$13,363,876 and \$14,363,875. For FY 2008-09, 50 cents on each TOT dollar of collections between \$14,031,525 and \$15,031,524.		
Maximum incentive for Step 2:	\$500,000	\$500,000
Total Possible Incentive (not to exceed):	\$900,000	\$900,000

An incentive clause in the last two-year contract with the OCVB was exercised as a result of TOT collections exceeding budgeted revenues and the OCVB exceeding its economic value benchmark. For FY 2005-06, two incentive payments totaling \$621,118 were made.

For FY 2006-07, TOT collections came in \$1.7 million higher than budgeted and the OCVB exceeded its economic value benchmark of \$5,437,108. As of submission of this staff report, one incentive payment of \$347,104 has been paid with another equal incentive payment due by December 31, 2007, resulting in total incentive payments of approximately \$694,208.

Moving forward, the FY 2007-09 OCVB contract will again have a clause to provide an incentive payment if the TOT collections exceed annual budgeted revenues and the OCVB exceeds the cumulative economic value benchmark. The economic value benchmark will be based on revenue generation as noted in **Attachment C – OCVB 2007-09 Performance Benchmarks**.

This incentive provides additional motivation for the OCVB to aggressively pursue additional tourism business for Oakland. This will lead to an increase in the overall tourism marketing effort, enhance Oakland's position nationally in the tourism market, and add to the economic vitality of Oakland. The incentive payment will be used to enhance the OCVB's marketing activities as detailed in the scope of services (**Attachment D**).

The incentive payment will be made as follows: 50 percent of estimated incentive amount will be paid at the end of the first quarter (September 30) following the close of the fiscal year ending June 30. The remaining 50 percent will be paid by December 31 of the same year, following completion of OCVB's year-end audit.

The additional TOT revenues beyond budgeted revenues are currently unallocated and will not affect the City's baseline or the City's annual allocation to the OCVB.

BACKGROUND

On November 1, 2005, the Oakland City Council authorized the City Administrator to execute a two-year agreement with the OCVB to provide visitor marketing services during FY 2005-07. The Resolution authorized City funding in the amount of \$650,000 for FY 2005-06 and \$650,000 for FY 2006-07 and included an incentive clause should the City's TOT collections exceed budgeted amounts and the OCVB exceed its economic value benchmark.

Item: _____

The OCVB markets and sells Oakland as a convention and leisure travel destination. The OCVB is charged with performing destination marketing activities that encourage visitors to stay overnight in Oakland hotels, shop at retail stores, dine at local restaurants and visit Oakland attractions and cultural venues. By attracting visitors, the OCVB generates revenue for the City of Oakland in the form of TOT collected by local hotels and, to a lesser degree, sales tax generated by visitors' expenditures.

The two-year professional services agreement (authorized by Oakland City Council Resolution No. 79570 C.M.S.) between the City and the OCVB for FY 2005-07 set a specific cumulative economic value benchmark for the organization. This report reviews the OCVB's activities from July 1, 2005, through June 30, 2007, relative to achieving this economic value benchmark.

KEY ISSUES AND IMPACTS

Achievement of FY 2005-07 Economic Value Benchmarks

While the tourism industry has recovered from the economic slump of the dot com bust and September 11 terrorist attacks, the industry is still performing below the record levels of 1999 and 2000.

Despite a growth of 12 percent during FY 2005-06 and 3 percent during FY 2006-07, Transient Occupancy Tax revenues remain below the levels enjoyed at the end of the last decade.

The Travel Industry Association of America reports that the outlook for domestic leisure and business travel is generally positive with a 1 to 2 percent growth in both travel sectors anticipated in 2007.

Oakland hotels are attracting the attention of investors; an encouraging sign that the tourism industry in Oakland is viewed as a sound investment. These signs include the recent purchase of the Waterfront Plaza Hotel by Joie de Vivre Hospitality and its investment partners. This highly respected San Francisco-based hotel operator plans to invest \$6 million to renovate the 144-room hotel in hopes of boosting its occupancy levels. Similarly, CIM Group paid \$66 million for the 484-room Oakland Marriott City Center and the nearby 162-room Courtyard Oakland Downtown in mid-June. CIM plans upgrades to the Marriott, which is adjacent to the Oakland Convention Center.

For the 12-month period ending June 30, 2006, OCVB activities generated a total economic value of more than \$6.2 million, or 115 percent of its annual performance benchmark.

For the 12-month period ending June 30, 2007, OCVB activities generated a total economic value of more than \$6 million, or 111 percent of its annual performance benchmark.

The major accomplishments that contributed to these totals are outlined below. The OCVB's FY 2006-07 performance of \$6 million represents an 18 percent increase over the FY2003-04 performance level of \$5.07 million.

Item: _____

Convention Sales & Services

In FY 2005-06, the OCVB booked 35 conventions or groups into Oakland hotels generating 10,365 hotel room-nights and more than \$4.1 million in visitor expenditures. An additional 25 events without overnight guestroom usage were booked into Oakland meeting venues with expenditures estimated at \$682,361.

In FY 2006-07, the OCVB booked 32 convention or groups into Oakland hotels generating 11,236 hotel room-nights and nearly \$4.5 million in visitor expenditures. An additional 14 events without overnight guestroom usage were booked into Oakland meeting venues with expenditures estimated at \$496,886.

These figures represent bookings that resulted from sales leads generated by OCVB staff and distributed to Oakland hotels and meeting venues. A booking is not counted until a signed contract with a hotel or venue is in-hand.

Tourism

In FY 2005-06, the OCVB fulfilled 44,351 inquiries made by telephone, mail, or walk-in visitors. The OCVB website also logged more than 362,000 visitors.

In FY 2006-07, the OCVB fulfilled 35,133 inquiries made by telephone, mail, or walk-in visitors. The OCVB website also logged more than 346,000 visitors.

Public Relations

Since public perception and recognition is a major factor in motivating people to travel to a city, editorial coverage is a vital part of destination marketing.

In FY 2005-06, OCVB public relations activity generated coverage of Oakland in 127 articles with a paid-advertising-equivalency of more than \$1.3 million. These placements, which appeared in publication such as Travel & Leisure, Southwest Airlines Spirit, Sunset, Reunions, and Smart Meetings, had a circulation of 17 million readers.

In FY 2006-07, OCVB public relations activity generated coverage of Oakland in 53 articles with a paid-advertising-equivalency of more than \$980,000. These placements, which appeared in publication such as USA Today, Travel & Leisure, Food & Wine, and Sunset, had a circulation of 12.4 million readers.

Another exciting element to the OCVB's public relations activities was the Destination Oakland Photography contest. The online photo contest resulted in 250 photo submissions by 25 amateur and professional photographers. A jury of marketing professionals selected 30 winning images which will be displayed in the Oakland Convention Center and will appear in OCVB publications throughout the year.

The OCVB contracted with KTOP to capture 90 minutes of professional quality stock footage to have on-hand should a media outlet request footage.

Item: _____

Community and Economic Development Committee

October 23, 2007

Financial/Reporting

The OCVB's annual financial audit for the 12 months ended June 30, 2007 has been completed by Ravinder Singh & Associates, as required by the professional services agreement. The published audit found no negative findings. Copies of the audit are available from the OCVB.

During FY 2005-06, the OCVB received \$88,248 in in-kind donations from the Oakland tourism industry. These donations were primarily in the form of complimentary accommodations, meals, and attraction admissions for meeting planners and travel writers researching Oakland.

During FY 2006-07, the OCVB received \$85,380 in in-kind donations from the Oakland tourism industry. These donations were primarily in the form of complimentary accommodations, meals, and attraction admissions for meeting planners and travel writers researching Oakland.

Per the formula outlined in the Council-adopted Resolution, the OCVB received incentive payments in the amount of \$621,118 for FY 2005-06. This incentive language will result in total incentive payments of approximately \$694,208 for FY 2006-07. These additional revenues beyond the budgeted revenues were unallocated and did not affect the City's baseline budget.

Proposed FY 2007-09 Economic Value Benchmarks

The annual benchmarks proposed for FY 2005-07 are found in **Attachment C**. These proposed benchmarks reflect current and projected economic conditions, industry standards, and incentive funding received by OCVB for the last two fiscal years. The proposed benchmarks focus on the dollar value of the OCVB's economic impact, which represents revenue for the City of Oakland and local businesses. Based on the achievement of these performance standards, the OCVB's annual total economic impact would represent a \$10 return for every \$1 the City allocates in its baseline support to the organization during FY 2007-08 and FY 2008-09. This rate of return will change if the incentive payment benchmark is achieved.

Proposed FY 2007-09 Scope of Services

The FY 2007-09 Scope of Services calls for the OCVB to provide a full complement of visitor marketing services for the City of Oakland including group sales, group services, leisure travel promotion, media relations, and visitor request fulfillment. The proposed FY 2007-09 Scope of Services for the OCVB is **Attachment D**.

SUSTAINABLE OPPORTUNITIES

Economic:

The direct economic opportunities associated with the OCVB's performance include the TOT and sales tax revenues generated for the City of Oakland by visitor expenditures. By attracting visitors, the OCVB's marketing activities indirectly provide entry-level to executive-level employment

Item: _____

opportunities for Oakland residents at hotels, restaurants, attractions, and other service industry sectors. The OCVB subscribes to the City's Living Wage Ordinance.

Environmental:

With the exception of Destination Oakland, which is funded 100% by private dollar advertising support, all materials printed by the OCVB that are paid for with City funds are produced on recycled paper. The OCVB staff actively recycles waste. With more than 346,000 visits to the OCVB website in 2006-07, large numbers of visitors are viewing travel planning information electronically thereby reducing the need to produce larger quantities of paper brochures. An Oakland hotel – the Oakland Marriott City Center – has the distinction of being the first lodging business in Alameda County to earn Alameda County's Green Business Program certification. Recently, the Chabot Space & Science Center became the first museum/science center in Alameda County to be certified as a Green Business.

Social Equity:

The TOT revenues generated by the OCVB's performance are part of the City's General Fund budget which supports vital community services. The OCVB subscribes to the City's Equal Benefits Ordinance.

DISABILITY AND SENIOR CITIZEN ACCESS

This report does not impact disability or senior citizen access. The OCVB is located at 463 11th Street, on the street level. The office is open to the public and accessible to both senior citizens and persons with disabilities.

RECOMMENDATION AND RATIONALE

Staff recommends that Council accept this performance report for FY 2005-07. Staff further recommends that Council approve the attached resolution authorizing the City Administrator to enter into a two-year agreement with the OCVB to provide visitor marketing services for FY 2007-09 in an amount not to exceed \$650,000 for Fiscal Year 2007-08 and \$650,000 for FY 2008-09, and provide an incentive payment should TOT receipts exceed annual budgeted revenues and OCVB exceed its cumulative economic value benchmark.

Since opening eight years ago, the OCVB has generated \$43 million in bookings, leads, TOT and media coverage and provided the City with an average return of over \$7 for every \$1 invested. The OCVB will continue to market Oakland as a travel destination thereby increasing travel expenditures and strengthening the local economy. The OCVB will continue to provide the City with a healthy return on investment and position Oakland's tourism industry to grow as the economy recovers.

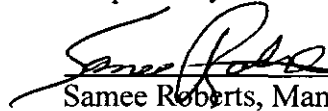
ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that Council accept this performance report for FY 2005-07 and approve the resolution authorizing the City Administrator to enter into a two-year agreement with the OCVB to provide

Item: _____
Community and Economic Development Committee
October 23, 2007

visitor marketing services for FY 2007-09 in an amount not to exceed \$650,000 for FY 2007-08 and \$650,000 for FY 2008-09, and provide an incentive payment should TOT receipts exceed annual budgeted revenues and OCVB exceed its cumulative economic value benchmark.


Respectfully submitted,



Samee Roberts, Manager
Cultural Arts & Marketing Division
Office of the City Administrator

Prepared by:
Harry Hamilton, Public Information Officer
Marketing Division

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:


Office of the City Administrator

- Attachments A: OCVB Annual Report Executive Summary
B: OCVB Adopted FY 2007-08 and Project FY 2008-09 Operating Budgets
C: FY 2007-09 Performance Benchmarks
D: OCVB FY 2007-09 Scope of Services

Item: _____
Community and Economic Development Committee
October 23, 2007

Attachment A

OCVB Annual Report Executive Summary



■ ON BEHALF of the Board of Directors and staff of the Oakland Convention and Visitors Bureau (OCVB), we are proud to present our 2006/7 Annual Report.

This past year was one of success and growth, not only for the organization, but also for the industry at large. Transient occupancy tax (TOT) collections were up by 12% in Oakland in 2005/06 and 3% in 2006/07. This increase represents two of the strongest years for Oakland in travel spending since 9/11. According to the Travel Industry Association of America, the outlook for domestic leisure and business travel is generally positive, but reflective of the slower growth period the country currently faces, with a 1 to 2 percent growth in both arenas anticipated in 2007. We are confident that we can once again surpass the national average and grow travel spending in Oakland.

The OCVB staff has worked hard this past year to remain focused on the mission of generating positive economic impact for the city through increased tourism, travel spending, meetings, and conventions. The city saw increases across the board in tourism spending, transient occupancy tax collections, airline passenger loads at Oakland International Airport (OAK), convention bookings, and a 25% increase of visitors to our website. We are proud of these increases and are certain that we can exceed them again in 2007/08.

Visitors to Oakland spend \$2.4 million dollars each day and help employ over 9,000 people. Annually, tourism generates over \$1 billion for Oakland's economy and contributes \$11.6 million in TOT. Tourism is a clean, safe industry that projects a positive image, requires very little in the way of city services, and generates valuable tax revenues. TOT is one of the only tax revenues that remains within the local community.

Investments in tourism pay off for Oakland. For every dollar invested in the OCVB, a minimum of \$10 in new visitor spending and media exposure is created through convention and group bookings and media exposure.

Oakland is on the move with the planned improvements to the Jack London Square waterfront area, Oakland International Airport, "Remember Them" landmark, the new cathedral near Lake Merritt, panda's coming to the Oakland Zoo, new hotel projects, the uptown entertainment district, and new retail and dining facilities opening every day.

Manette Belliveau
Executive Director

2006/07 Major Accomplishments

■ THE CONTRACT with the city of Oakland and the OCVB allows for an incentive payment if TOT revenues exceed the forecast and the OCVB exceeds its cumulative economic performance measures. In 2005/06 the OCVB reached this goal and implemented the enhanced marketing plan. These enhanced marketing funds were used to provide sales and marketing support for the OCVB tourism program. A strategic plan was developed that focused on our core mission to market the city as a travel destination. Numerous new marketing programs were initiated and completed that will enhance the image of the city, contribute to an increase in overnight business, and serve the community well for years to come. These new marketing and communication programs will serve as a platform to enhance our sales effort in fiscal year 2007/08. The focus moving ahead will include the following: add a dedicated national sales manager in Washington, D.C., to build awareness, prospects, and bookings for Oakland in the national association market; enhance our current sales efforts to focus on the state association and corporate markets, and build our Hometown Host Program. Our marketing programs will serve to support these sales efforts as well as continue to develop positive media impressions for Oakland. These strategies will provide secure long-term benefits for the city of Oakland.

- Business and convention travel is up after five straight years of declines.
- Transient occupancy tax collections have increased 15% since 2005.
- Average occupancies and rates continue to increase.
- Oakland can now demand higher rates than in recent years.
- Long-term bookings are beginning to increase.

- Visitors to the OCVB website increased 25% this past year, reaching 350,000 unique visitors.
- Corporate travel has increased this past year.
- Oakland's share of the national association market remains strong with potential for significant growth.
- OCVB-OAK partnership was renewed, and passenger loads continue to increase, serving over 14 million passengers annually.
- The OCVB-Southwest Airlines partnership was renewed, and new routes have been added nationally.

Over the last eight years, the OCVB's funding level diminished 35% in response to budget reductions, economics, inflation, and increased competition. The incentive funds received last year provided the necessary resources to help bring the budget back up to the 1999 level. With inflation, the buying power today is not what it was eight years ago; however, due to the advances in technology, we were able to develop a number of very effective programs. The incentive funds allowed us to build a strong awareness for Oakland within the travel media and create numerous positive impressions about the city. It is critical to the future of Oakland to ensure that we have a positive image in order to attract more business opportunities, a strong and educated work force, increased tourism, new residences, and an overall healthy economy.

Attachment B

OCVB

**Adopted FY 2007-08 and
Projected FY 2008-09
Operating Budgets**

8/15/07 updated

	Approved 2007/08	DRAFT 2008/09
REVENUE		
City of Oakland	\$ 650,000	\$ 650,000
Private Dollar Support		
OAK	\$ 40,000	\$ 40,000
Co-op Marketing Support	\$ 15,000	\$ 20,000
Annual Hospitality Event	\$ 16,000	\$ 18,000
Interest Income	\$ 23,600	\$ 25,000
Legal - Pantazis	\$ 130,000	
Misc.	\$ 100	\$ 100
Carried Forward 07		\$ 71,298
Total Revenue	\$ 874,700	\$ 824,398

EXPENSES

OPERATIONAL EXPENSES

Administrative Comp.

Wages/Salaries	\$ 86,896	\$ 86,896
Payroll Taxes	\$ 6,952	\$ 6,952
Workers Comp	\$ 2,365	\$ 2,365
Health Insurance	\$ 6,600	\$ 6,600
Retirement	\$ 3,476	\$ 3,476
Total Admin. Comp	\$ 106,289	\$ 106,289

Operational Expenses

Rent & Storage	\$ 30,450	\$ 32,450
Telephone	\$ 13,000	\$ 11,000
Office Supplies	\$ 10,000	\$ 10,000
Equipment Leases	\$ 12,000	\$ 12,000
Equipment Maint.	\$ 3,000	\$ 3,000
Equipment Purchase	\$ 4,000	\$ 4,000
Insurance	\$ 4,500	\$ 4,500
Legal	\$ 4,000	\$ 4,000
Legal - Pantazis	\$ 70,000	
Recruitment	-	-
Parking	\$ 10,500	\$ 11,000
Professional Services	\$ 4,400	\$ 4,400
Audit/Accounting/Taxes	\$ 26,500	\$ 27,000
Misc.	\$ 500	\$ 500
Operational Expenses	\$ 192,850	\$ 123,850
TOTAL OPERATING EXPENSES	\$ 299,139	\$ 230,139

SALES AND MARKETING

Sales & Marketing Comp.

Wages/Salaries	\$ 302,311	\$ 317,000
Payroll Taxes	\$ 25,095	\$ 27,000
Workers Comp.	\$ 8,225	\$ 8,500
Health Insurance	\$ 22,024	\$ 23,000
Retirement	\$ 11,827	\$ 12,680
Total Sales/Mktg Comp	\$ 369,482	\$ 388,180

Marketing Expenses

Advertising & Promotions	\$ 79,579	\$ 79,579
Sales Software	\$ 2,400	\$ 2,400
Collateral/Promotional Material Fulfillment		
Trade Show-Convention	\$ 28,600	\$ 28,600
Trade Show- Tour & Trvl	\$ 17,000	\$ 17,000
Trade Association Memberships	\$ 12,000	\$ 12,000
Conferences	\$ 5,000	\$ 5,000
Website	\$ 15,000	\$ 15,000
Conv/Media/Trade Supplies	\$ 1,500	\$ 1,500
Media Relations/PR	\$ 6,000	\$ 6,000
Fams/Site Visits		
Client Enter/Meetings/Events	\$ 6,000	\$ 6,000
Auto/Travel	\$ 1,000	\$ 1,000
Postage	\$ 15,000	\$ 15,000
Hospitality Heroes Event	\$ 11,000	\$ 11,000
Printing	\$ 6,000	\$ 6,000
Marketing Expenses	\$ 206,079	\$ 206,079

TOTAL SALES & MARKETING \$ 575,561 \$ 594,259

Total Expenses \$ 874,700 \$ 824,398

Adjustments

REVENUE OVER EXPENSES

EXPENSES OVER REVENUE

\$0 \$ -

2007 08 and 2008 09 budget ocvb/mb

Note: The reimbursement of legal costs reflected in f/y 2007/08, was a one time reimbursement and is not reflected in 2008/09. In 2008/09 expenses may exceed revenues on the base budget. Funds have been allocated from 2007 to cover this potential short-fall if needed.

Attachment C

FY 2007-09 Performance Benchmarks

Performance Measure	Actual 05-06	Actual 06-07	Goal 07-08	Goal 08-09
Definite Room Nights Booked	10,365	11,236		
Event's Meetings Booked – Economic Value	\$682,361	\$496,886		
Editorial Placements – Paid-Advertising-Equivalency	\$1,333,333	\$980,124		
In-Kind Contributions	\$88,248	\$85,380		
Performance Benchmark	\$6,245,523	\$6,056,152	\$6,500,000	\$6,500,000

Attachment D

OCVB FY 2007-09 Scope of Services

A. SCOPE OF SERVICES

1. Convention Services: For all conventions in the City of Oakland, OCVB will provide services that include, but are not limited to: distribution of informational brochures, media assistance, program planning and site inspection.
2. Convention and Group Sales/Marketing: Through proven sales and marketing techniques, OCVB will pursue associations, companies, groups and other organizations who have the potential to host meetings and tours in our City. These techniques will attract regional, state and national conventions, trade shows, and meetings to Oakland hotel properties and meeting facilities. OCVB will project an image of the City of Oakland as an ideal location to hold conventions, trade shows, meetings and conferences, and as an exciting place to visit.

The achievement of numerical quota, as noted in the economic value benchmarks in **EXHIBIT C**.

3. Awareness and Image Enhancement: OCVB through maintaining memberships in travel and convention industry organizations will represent and further the interests of the City of Oakland. OCVB will conduct a program to attract travelers to utilize Oakland hotels, motels, restaurants, and related hospitality firms.
4. Community and Media Relations: OCVB will create awareness in the local community about the significant role of the tourism industry in Oakland's economy. Contractor will advise Contract Administrator of all major articles that result from OCVB's media relations activities and will provide Contract Administrator with advance notification of pre-planned media trips and familiarization tours. OCVB shall distribute news and feature releases for use by local, regional, and national media. OCVB shall also work with visiting travel writers, both domestic and international, and assist them in any reasonable manner to provide the greatest amount of coverage for Oakland.
5. Presentations and Memberships: OCVB shall create and maintain presentations and exhibits necessary for the promotion of the City of Oakland as a convention and visitor destination.

OCVB shall maintain membership in and/or liaison with consumer, trade, professional and service groups and organizations, locally, regionally and nationally. A roster of professional memberships shall be included in the Marketing Plan.

6. Marketing Support: OCVB shall provide marketing support services to local contacts to secure future conventions in Oakland including information for City of Oakland employees and other interested Oakland citizens attending conventions outside the City of Oakland.
7. Marketing Plan: OCVB staff shall draft a marketing plan which is reviewed by OCVB's Marketing Committee. As a member of the Marketing Committee, the

Contract Administrator shall review the marketing plan and provide comments prior to final approval by the OCVB Board. The marketing plan will then be reviewed and approved by the OCVB Board of Directors.

8. Visitor Information Fulfillment: The OCVB will respond to inquiries by mail, telephone, Internet, e-mail and in-person regarding Oakland hotel, motel and meeting facilities, area attractions, restaurants and other general visitor information in Oakland.
9. Collaborative Marketing: As the destination marketing arm of Oakland, the OCVB is a key element in the City's external marketing strategy. It is essential that the OCVB be a cooperative player with other marketing entities in Oakland including the City's Cultural Arts and Marketing Department. OCVB may be called upon to represent the City of Oakland at important conferences and/or meetings. The Contract Administrator will gauge the success of the OCVB's collaborative marketing activities by surveying the potential marketing partners and gathering their comments.
10. Benchmarks: A complete list of Economic Value Benchmarks is attached in **EXHIBIT C**. These will form the benchmark against which OCVB's performance during the contract period will be evaluated. Payment will be based on the successful attainment of this economic value benchmark as outlined in Section 4 of the Professional Services Agreement.
11. Incentive: If the OCVB exceeds the cumulative economic value benchmark and the City's annual Transient Occupancy Tax (TOT) collections exceed the budget projections as outlined below, the City will pay the OCVB incentive premiums, according to the following schedule:

	FY 2007-08	FY 2008-09
Budgeted TOT estimate (TOT Baseline 1)	\$12,363,875	\$13,031,524
For FY 2007-08, 40 cents on each TOT dollar of collections between \$12,363,875 and \$13,363,875. For FY 2008-09, 40 cents on each TOT dollar of collections between \$13,031,524 and \$14,031,524.		
Maximum incentive for Step 1:	\$400,000	\$400,000
For FY 2007-08, 50 cents on each TOT dollar of collections between \$13,363,876 and \$14,363,875. For FY 2008-09, 50 cents on each TOT dollar of collections between \$14,031,525 and \$15,031,524.		
Maximum incentive for Step 2:	\$500,000	\$500,000
Total Possible Incentive (not to exceed):	\$900,000	\$900,000

Prior to requesting an incentive payment, the OCVB shall submit an enhanced marketing plan detailing how the additional funds will be used to market Oakland. The incentive

payment will be made as follows: 50 percent of the estimated incentive amount will be paid at the end of the first quarter (September 30) following the close of the fiscal year ending June 30. The remaining 50 percent will be paid by December 31 of the same year, following the completion of OCVB's year-end audit.

B. PERFORMANCE MEASUREMENT DATABASE

In order to properly measure the performance of OCVB and the attainment of the goals and objectives stated herein, OCVB shall maintain the following database of information. This information shall be included in all reports submitted by OCVB.

1. A Marketing Plan for FY 2007-08 and FY 2008-09 shall be submitted to the Contract Administrator within 45 days of execution of this agreement and prior to final approval by the OCVB Board. As a member of the OCVB Marketing Committee, the Contract Administrator shall review the plans and provide comments and/or approval to OCVB within 10 business days.
2. Achievement Statistics, by month and year:
 - (i) The number of Convention and Meeting/Conference leads for Oakland including: Date of Event, Site of Event, Event Duration, Name of Event, Delegate Attendance, Total Booked Room Nights, Lead Conversion Rate, and Number of Firm Bookings.
 - (ii) A list of and examples of advertising done to promote and market Oakland. When a display advertisement appears identically in multiple publications, one copy of the ad shall be accompanied by publication titles, placement dates, and estimated circulations.
 - (iii) The number of visitors, tourists, and members of the general public to whom promotional material is provided.
 - (iv) The OCVB will track the success of its media relations program by calculating the paid-advertising-equivalency of editorial coverage generated by print, broadcast, web, and television.
 - (v) The number of conventions, meetings, conferences, group tours and trade shows held in the City of Oakland that OCVB was responsible for, which OCVB (1) originally reported as a firm booking or for which OCVB (2) provided Convention Services. Information should include: Date of Event, Site of Event, Event Duration, Event Sponsor, Delegate Attendance, Total Estimated Room Nights Picked-Up, Nature of Bureau Involvement (i.e., firm booking or Convention Services).
 - (vi) An estimate of visitor spending that is generated in association with conventions, trade shows, and meetings/conferences held in Oakland that OCVB was responsible for booking. The estimate shall be based on the number of room nights times 1.05 delegates

per room and multiplied by a per day estimate of delegate spending in Oakland. (A per delegate daily expenditure of \$381.00 will be used for all meetings and conventions.) These expenditures are based on a survey performed by the International Association of Convention and Visitors Bureaus dated 2004. For special events and meetings booked without room nights as a result of an OCVB lead the number of attendees will be multiplied by \$85.67 per day.

- (vii) An estimate of Transient Occupancy Tax revenue generated by OCVB activity in Oakland during each fiscal year that this Agreement is in force.

C. REPORTING AND MONITORING

OCVB's performance will be evaluated by the City at the end of each fiscal year. Such evaluations will be based upon OCVB's effectiveness in accomplishing the program performance goals and standards.

1. Bi-monthly Activity Reports: Bi-monthly activity reports shall be prepared and submitted to the Contract Administrator within 20 working days following the conclusion of the two-month period the report covers. Reports shall include:
 - (i) Quantification of the objectives met and a list of constraints or problems which significantly hindered attainment of Agreement program performance goals and standards.
 - (ii) A monthly financial statement of expenses and revenues will be submitted with the activity report. This statement will compare by budget line items the costs incurred to date with the budget and show percentage of budget expended and show percentage of revenues received. This statement will separate City-funded expenses and revenue from non-City expenses and revenue.
 - (iii) OCVB shall submit with its reports a copy of each brochure, news article, advertisement, and other literature published as a result of OCVB performance under this Agreement. In the case of promotions through television and/or radio, the report shall include identification of the station, the topic under discussion, and the date, time and program, which carried the information. The report shall document what objectives have been met in relationship to the services described in this Agreement.
2. Annual Reports: An annual report shall be prepared and submitted to the Contractor Administrator by the 90th day following the end of each fiscal year. This report shall include a detailed summary of objectives and performance standards achieved during the fiscal year. In addition to this annual report, results from an independent financial audit shall be submitted to the Contractor Administrator by the 120th day following the end of each fiscal year. The Contract Administrator shall submit the annual report to the Community & Economic Development Committee within 30 days from the date it is received from OCVB.

OAKLAND CITY COUNCIL

OFFICE OF THE CITY CLERK
OAKLAND

RESOLUTION NO. _____ C. M. S.

City Attorney

INTRODUCED BY COUNCIL MEMBER _____
2007 OCT 11 PM 2:15

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A TWO-YEAR PROFESSIONAL SERVICES AGREEMENT WITH THE OAKLAND CONVENTION AND VISITORS BUREAU TO PROVIDE VISITOR MARKETING SERVICES IN AN AMOUNT NOT TO EXCEED \$650,000 FOR FISCAL YEAR 2007-08 AND \$650,000 FOR FISCAL YEAR 2008-09 AND PROVIDE A FINANCIAL INCENTIVE SHOULD TOT RECEIPTS EXCEED ANNUAL BUDGETED REVENUES AND OCVB EXCEED ITS ANNUAL CUMULATIVE ECONOMIC VALUE BENCHMARK.

WHEREAS, the City of Oakland has requested that the Oakland Convention and Visitors Bureau perform visitor marketing functions in accordance with terms and conditions set forth in an Agreement; and

WHEREAS, the visitor marketing functions will assist the City in achieving its overall marketing strategy; and

WHEREAS, the Oakland Convention and Visitors Bureau will effectively and efficiently market Oakland as an overnight leisure and convention destination, thereby increasing Transient Occupancy Tax revenues, increasing revenues for the local hospitality industry, and increasing employment opportunities for Oakland residents; and

WHEREAS, funding in the amount of \$650,000 has been appropriated in the FY 2007-08 non-departmental citywide budget and \$650,000 has been appropriated in the FY 2008-09 non-departmental citywide budget; and

WHEREAS, if the OCVB exceeds the cumulative economic value benchmark of \$6,500,000 and the City's TOT collections exceed budget projections of \$12,363,875 for FY 2007-08, the City will pay the OCVB an incentive equal to 40 percent of TOT collections between \$12,363,875 and \$13,363,875 and 50 percent of TOT collections between \$13,363,876 and \$14,363,875; and

WHEREAS, if the OCVB exceeds the cumulative economic value benchmark of \$6,500,000 and the City's TOT collections exceed budget projections of \$13,031,524 for FY 2008-09, the City will pay the OCVB an incentive equal to 40 percent of TOT collections between \$13,031,524 and \$14,031,524 and 50 percent of TOT collections between \$14,031,525 and \$15,031,524; and

WHEREAS, these additional revenues beyond budgeted revenues are currently unallocated and will not affect the City's baseline; and

WHEREAS, the City Council finds that this contract is for services of a professional nature and that services under this contract will be temporary; and

WHEREAS, the City Council finds that this agreement shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, payment to the Oakland Convention and Visitors Bureau will be in quarterly payments each fiscal year tied to the OCVB's successful achievement of detailed performance standards; now, therefore, be it

RESOLVED: that the Oakland City Council hereby authorizes the City Administrator to enter into a management agreement with the Oakland Convention and Visitors Bureau to perform visitor marketing services for the term beginning July 1, 2007, and ending June 30, 2009, in an amount not to exceed \$650,000 in FY 2007-08 and \$650,000 in FY 2008-09; and be it

FURTHER RESOLVED: that the Oakland City Council hereby authorizes payment of an incentive, if the OCVB exceeds the cumulative total economic value benchmark and the City's TOT collections exceed budget projections; and be it

FURTHER RESOLVED: that the City Administrator is hereby authorized to approve any subsequent amendments to said Agreement, or extensions of said Agreement, or to otherwise modify said Agreement, with the exception of those amendments, extensions, or modifications related to an increase in compensation or allocation of additional funds; and be it

FURTHER RESOLVED: that a copy of said Agreement shall be approved as to form and legality by the Office of the City Attorney and a copy will be filed in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2007_____
PASSED BY THE FOLLOWING VOTE:

AYES – BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, REID, QUAN, AND
PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

Attest: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California