

CITY OF OAKLAND
AGENDA REPORT

FILED
CITY CLERK
ICE OF OAKLAND
2003 OCT 14 2 PM 1: 34

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Marketing and Cultural Arts
DATE: October 14, 2003

RE: REPORT ON FY2002-03 PERFORMANCE OF THE OAKLAND CONVENTION & VISITORS BUREAU (OCVB) AND RESOLUTION AUTHORIZING THE CITY MANAGER 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 \$900,000 FOR FISCAL YEAR 2003-04 AND NOT TO EXCEED \$650,000 FOR FISCAL YEAR 2004-05 AND TO PAY OCVB UP TO FIFTY PERCENT OF THE AMOUNT OF THE CITY'S TRANSIENT OCCUPANCY TAX THAT EXCEEDS \$10,262,773 EACH FISCAL YEAR.

SUMMARY

This is an informational annual report on the activities of the Oakland Convention and Visitors Bureau covering activities from July 1, 2002, to June 30, 2003. This report also includes a Resolution authorizing the City Manager to enter into a two-year management agreement with the OCVB to provide visitor marketing services for FY 2003-05.

A comprehensive list of achievements was included in **the** OCVB 2002-03 Annual Report published August 22, 2003. **The** Annual Report's summary is attached as EXHIBIT A.

Major FY 2002-03 accomplishments include:

- Total economic impact of marketing activity = \$6.09 million (a 7.6% increase over FY 2001-02)
- Convention sales provided = \$4.89 million (a 13.7% increase over FY 2001-02)
- Public Relations = \$992,380 in editorial placements
- In-Kind Marketing Support = \$204,295
- Website = 223,632 visitors

FISCAL IMPACT

On October 4, 2001, the Oakland City Council authorized the City Manager to execute a two-year agreement with the OCVB to provide visitors marketing services for FY 2001-03. The resolution authorized \$1 million for each fiscal year.

The City's FY 2003-05 Adopted Budget includes appropriations to the OCVB of \$900,000 during FY 2003-04 and \$650,000 during FY 2004-05. These funds are included in the non-departmental

citywide marketing section (program CE04) of the budget. These funding levels represent a 10 percent reduction in FY 2003-04 and a 35 percent reduction in FY 2004-05 when compared to funding levels for FY 2002-03.

The OCVB's FY 2003-04 and FY 2004-05 operating budgets are attached as **EXHIBIT B**

FY 2003-05 payments to the OCVB will be made on a quarterly basis as specified in a two-year management 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 Manager shall negotiate the amount of the final quarterly payment based on work accomplished.

In addition, if the OCVB exceeds each of the established financial benchmarks and the City's actual Transient Occupancy Tax (TOT) collections exceed budgeted revenues, the City will pay the OCVB **50 percent** of any TOT over the budgeted amount, not to exceed 11 percent of TOT receipts for the fiscal year. The FY 2003-05 Adopted Budget projects TOT revenues at \$10,262,733 for each fiscal year.

An incentive clause was included in the last two-year contract with the OCVB and was not exercised because TOT did not exceed budgeted revenues and the OCVB did not met or exceed its economic value benchmarks, Language in the previous contract provided for an incentive payment equal to 40 percent of any TOT over the budgeted revenues if OCVB met each of the economic value benchmarks or an incentive payment equal to 50 percent of any TOT over the budgeted revenues if OCVB exceeded each of the economic value benchmarks. The incentive language will be changed for the FY 2003-05 contract to provide an incentive payment only if the OCVB exceeds each of the economic value benchmarks.

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.

This incentive provides additional motivation for both the OCVB and the local tourism industry to aggressively pursue more 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.

Financial benchmarks will be based on revenue generation as established in the scope of services and detailed in the performance status reports provided by the OCVB.

The incentive payment will be used to enhance the OCVB's marketing activities included in the scope of services.

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BACKGROUND

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 an Oakland hotel, shop at an Oakland retail store, eat at an Oakland restaurant and visit Oakland attractions. 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 76746 C.M.S.) between the City and the OCVB for FY 2001-03 set specific quantitative performance standards for the organization.

This report reviews the OCVB's activities from July 1, 2002, through June 30, 2003, relative to achieving these performance standards.

KEY ISSUES AND IMPACTS

Achievement of FY 2002-03 Performance Standards (Benchmarks)

An already slumped tourism industry reeling from the slowing economy and tragic events of September 11,2001, was further depressed in recent months by the war in Iraq and the outbreak of the SARS virus. According to a recent report by Standard & Poor's, demand for US. hotels is expected to improve in the second half of 2003 and into 2004. However, this increased demand will still be significantly lower than the record levels of 1999 and 2000.

For the 12-month period ending June 30, 2003, OCVB activities generated a total economic value of over \$6.09 million or 85 percent of their annual performance standard. The major accomplishments that contribute to this total are outlined below. **EXHIBIT C** provides a matrix referencing OCVB's actual performance.

The FY 2002-03 performance of \$6.09 million represents a 7.6 percent increase over the FY 2001-02 performance level of \$5.7 million.

Convention Sales & Services

The OCVB booked 37 conventions or groups into Oakland hotels generating 10,848 hotel room-nights and more than \$3,356,000 in visitor expenditures. This dollar amount represents 67 percent of the OCVB's annual goal in the booked room-nights category. An additional 27 events without overnight guestroom usage were booked into Oakland meeting venues with expenditures estimated at more than \$1,417,000, or 101 percent of their annual goal in definite no-guestroom meetings booked.

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OCVB sales staff generated 244 group leads for hotels and meeting venues representing business that would generate 31,212 room-nights for Oakland hotels. The OCVB met 62 percent of its annual goal in this category.

The OCVB assisted 105 groups that met in Oakland representing 88 percent of their annual quantitative goal.

The OCVB's goal achievement reflects the nation's stagnate travel patterns where meeting planners *are* reducing the number of conventions and meetings held, reducing the number of days a meeting is held and/or delaying executing a hotel or meeting facility contract.

Tourism

The OCVB fulfilled 44,173 inquiries made by telephone, mail, or walk-in visitors exceeding their quantitative goal by 138 percent. The OCVB developed 29 leisure travel packages exceeding their quantitative goal by 725 percent.

The professional service agreement does not specify economic value benchmarks in the Tourism category.

Public Relations

OCVB public relations activity generated coverage of Oakland in 253 articles with a paid-advertising-equivalency of \$992,380. These placements included feature articles in Travel & Leisure, New York Times, Ladies Home Journal, Boston Herald, Spirit (Southwest Airlines), and many others. This dollar amount exceeds the OCVB's annual public relations goal of \$600,000 by 165 percent. It should also be noted that the quantity of placements exceeds the quantitative goal by 347 percent.

Other Marketing Activities

To complement its existing marketing activities and augment its marketing budget, the OCVB entered into a \$62,500 contract with the Oakland International Airport to provide destination-marketing services. This contract lessens the OCVB's dependence on funding from the City of Oakland.

Financial/Reporting

The OCVB has supplied monthly financial statements and conducted an annual financial audit as outlined in the professional services agreement.

During FY 2002-03, the OCVB has received \$204,295 in in-kind donations from the Oakland tourism industry. These donations are primarily in the form of complimentary accommodations, meals and attraction admissions for travel writers and meeting planners. This level of in-kind support represents 510 percent of the \$40,000 annual goal.

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Proposed FY 2003-05 Performance Standards (Benchmarks)

The annual benchmarks proposed for FY 2003-05 are found in **EXHIBIT D**. These proposed benchmarks reflect the current and projected economic conditions, industry standards, and the reduction in City funding support to the OCVB. 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 \$6.67 return for every \$1 the City appropriates to the organization in FY 2003-04 and a \$9.23 return for every \$1 the City appropriates in FY 2004-05.

Proposed FY 2003-05 Scope of Services

The FY 2003-05 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 2003-05 Scope of Services for the OCVB is attached as **EXHIBIT E**.

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

Environmental:

All materials printed by the OCVB that are paid for with City funds are produced on recycled papers. The OCVB staff actively recycles waste. With more than 223,000 visits to the OCVB web site, large numbers of visitors are viewing travel planning information electronically thereby reducing the need to produce larger quantities of paper brochures. An Oakland hotel has the distinction of being the first lodging business in Alameda County to earn the Alameda County's Green Business Program certification.

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 475 14th Street, Suite 120, on the street level. The office is open to the public and accessible to both senior citizens and persons with disabilities.

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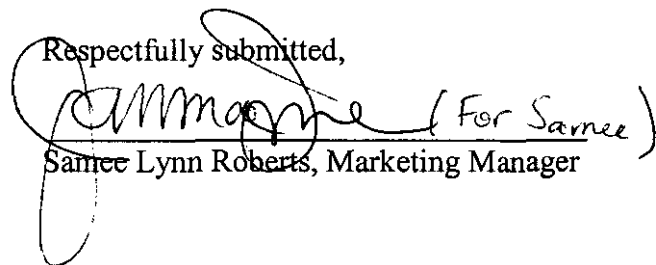
RECOMMENDATION AND RATIONALE

Staff recommends that the City Council accept this status report for FY 2002-03. The staff also recommends that the City Council approve the attached Resolution authorizing the City Manager to enter into a two-year agreement with the OCVB to provide visitor marketing services for FY 2003-05 in an amount not to exceed \$900,000 for Fiscal Year 2003-04 and not to exceed \$650,000 for FY 2004-05.

Since opening three years ago, the OCVB has generated \$20,200,000 in bookings, leads, TOT and media coverage and has provided the City with an average return on investment of \$6.70 for every \$1. 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 will position Oakland's tourism industry to rebound quickly as the economy recovers.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that City Council accept this informational report for FY 2002-03 and approve a Resolution authorizing the City Manager to enter into a two-year agreement with the OCVB to provide visitor marketing services for FY 2003-05 in an amount not to exceed \$900,000 for FY 2003-04 and not to exceed \$650,000 for FY 2004-05 and to pay OCVB up to **fifty** percent of the City's Transient Occupancy Tax revenue that exceeds \$10,262,733 each fiscal year.

Respectfully submitted,

Samee Lynn Roberts, Marketing Manager

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:


OFFICE OF THE CITY MANAGER

Item: 4
Community and Economic Development Committee
October 14, 2003

EXHIBIT A

TO: Mayor Jerry Brown, Members of the Oakland City Council,
Debra Edgerly, Interim City Manager, Samee Roberts, Marketing Manager-
City of Oakland

CC: V. Toni Adams, Chair of the Board, OCVB Board of Directors, Oakland
International Airport

FROM: Manette Belliveau, Executive Director

DATE: August 22, 2003

RE: 2002/2003 Annual Report

SUMMARY

The tourism industry has changed dramatically in the last few years following the tragic events of 9/11, the downturn in the economy, the war and overall low consumer confidence. Business travel has been in a decline for four years, spending among leisure travelers is depressed and international travel is at its lowest level in more than a decade. Oakland is no exception and continues to feel the effects of this decline along with our neighboring cities.

The OCVB responded to these challenges and adjusted our marketing program accordingly, resulting in an 11% increase in bookings or \$900,000 more in economic impact over last year. The OCVB remained focused on programs and promotions that drive room nights. As we move into 2004 and 2005 this focus will become even more critical. Oakland needs the transient occupancy tax (TOT) and only overnight visitors generate this resource for the City.

For every dollar invested in the OCVB, the return on investment for fiscal year 2002/03 reached six-to-one, generating \$6.1 million in economic return for Oakland. Since opening in October 1999, the OCVB has generated \$22.8 million in bookings, leads, TOT and media coverage averaging a seven-to-one return each year.

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COMMUNITY & ECONOMIC
DEVELOPMENT CMTE
OCT 14 2003

MAJOR ACCOMPLISHMENTS

INCREASE OVER LAST YEAR

- | | |
|--|-----------|
| • \$3.4 Million Room Nights Booked | \$900,000 |
| • \$1.4 Million in Event Bookings | \$400,000 |
| • 253 editorial placements | \$200% |
| • 223,632 Visitors on the website | 254% |
| • In-kind marketing support \$204,295 | 243% |
| • Taste of Oakland -- \$13,000 profit | 100% |
| • Developed the Home Town Host program | |
| • Conducted an Oakland Area Familiarization Tour | |
| • Celebrate Oakland – Raiders & A s | |

These accomplishments are only a sampling of the actual tourism business generated as a result of OCVB marketing efforts. Individual leisure and corporate travelers represent a significant portion of Oakland's visitors, however, they cannot be tracked. We rely on many factors to evaluate this activity such as: visitor inquiries, tax revenues, hotel occupancy and passenger traffic at Oakland International Airport (OAK). TOT collections are flat with last year, hotel occupancies are up by 1%, website inquiries are up 250%, visitor inquiries increased 25% and traffic at Oakland International Airport is up 11.5% despite the continuing weak economy.

ECONOMIC IMPACT

Tourism generates \$1 billion in travel spending in Oakland each year supporting over 8,700 jobs. The OCVB's role is to maintain and grow this economic engine for Oakland. Over the past twelve months OCVB marketing efforts have generated the following results:

\$3.4 million in definite room nights booked
\$1.4 million in events booked
\$992,380 in editorial placements
\$121,000 in additional room nights picked up
\$204,295 in-kind

\$6.1 Million TOTAL

CONVENTION/GROUP SALES & SERVICE

The Association group market has proven to be the most resilient during these slow economic times. 67% of the group business booked by OCVB last year was in the Association sector with 48% from California and 56% from the National and International markets. The remainder of our group business is comprised of Federal and State Government and SMERFES (Social, Military, Educational, Religious, Fraternal, Ethnic and Sports).

Recent studies indicate that 36% of Americans have traveled for personal, social, or civic reasons in the past three years. These trends support the OCVB's recent efforts to focus on building non-corporate group travel through the new Hometown Host program, which encourages local residents and employees in Oakland to invite friends, family, and colleagues to discover all that Oakland has to offer as a travel destination.

Definite Room Nights Booked/Value

Goal: \$5,000,000 Actual: \$3,356,371 67%

Est. Room Nights Picked Up/TOT Value

Goal: \$165,000 Actual: \$121,359 74%

Definite Event/Meeting Bookings

Goal: \$1,400,000 Actual: \$1,417,338 101%

PUBLIC RELATIONS

An effective public relations program plays an important role in increasing travel to Oakland. One of the major challenges in selling Oakland continues to be negative perceptions of Oakland. The OCVB works closely with travel writers to assist in developing positive and unique stories that will attract both business and leisure visitors. In the past twelve months, our efforts have generated 253 travel articles with an ad value of \$992,380.

FINANCE

- Audit conducted with no negative findings
- Raised \$204,295 of in-kind support
- Raised \$97,864 in cooperative marketing support
- Netted \$13,000 profit from Taste of Oakland annual event

LOOKING AHEAD

The industry is expected to recover slowly as the economy strengthens. Competition is fierce and budgets strained, therefore it is critical that we remain focused on our goal to maintain and increase overnight business for the City of Oakland.

The OCVB's sales and marketing strategies are sound and will position us to remain competitive in the marketplace in the coming year.

ATTACHMENTS

Performance Status

Financial

Marketing/PR

Proposed Budget			
Revised 8/21/03			
2003/04 approved 6/19/03			
	Budget	Budget	
	2003/04	2004/05	2004/05 Budget Notes
REVENUE			
City of Oakland	\$ 900,000	\$ 650,000	
Private Dollar Support			
OAK	\$ 62,500	\$ 62,500	04/05 funding from OAK not contracted yet
Co-op Marketing Support	\$ 19,000	\$ 20,000	
Annual Hospitality Event	\$ 40,000	\$ 42,000	
Misc Income	\$ 1,000	\$ 1,000	
Total Revenue	\$ 1,022,500	\$ 775,500	
EXPENSES			
Compensation			
Wages/Salaries	\$ 311,000	\$ 306,000	cancel overtime
Payroll Taxes	\$ 24,880	\$ 24,880	
Workers Comp.	\$ 5,750	\$ 5,750	
Health Insurance	\$ 24,250	\$ 24,250	
Retirement	\$ 9,000	\$ 9,000	
Total Comp.	\$ 374,880	\$ 369,880	See marketing- 1 FT contract PR position wt and 1 half time Marketing position, which represents a cut of 21% of current staffing level.
Rent & Storage	\$ 47,000	\$ 45,000	negotiate a new lease agreement
Telephone	\$ 18,000	\$ 18,500	
Office Supplies	\$ 12,000	\$ 12,000	
Equipment Leases	\$ 9,000	\$ 15,000	Need new copier
Equipment Maint.	\$ 2,500	\$ 3,000	
Equipment Purchase	\$ 4,000	\$ 4,500	All office computers and printers are getting d d
Insurance	\$ 3,710	\$ 3,860	
Legal	\$ 5,000	\$ 5,000	*pending lawsuit
Recruitment	\$ 800	\$ 800	
Prof. staff Dev.	\$ 1,000	\$ 1,000	
Moving Costs	\$ 10,000	\$ -	
Parking	\$ 6,700	\$ 7,000	
Mist. Charges	\$ 2,000	\$ 2,500	
Professional Services	\$ 3,900	\$ 4,000	
Audit & Taxes	\$ 10,000	\$ 10,000	
TOTAL	\$ 135,610	\$ 132,160	

EXHIBIT B

	Budget	Budget	
	2003/04	2004/05	2004/05 Budget Notes
Marketing Expenses			
Leisure	\$ 90,000	\$ 44,212	55% reduction
Conv/Corp	\$ 70,000	\$ 50,000	28% reduction
Co-op Adv/Promo	\$ 14,000		cancel local promotions - concentrate on overnight business
Other/Promo/Advertisina/Mkta	\$ 13,000		cancel all special promos/mktg programs
Hometown Host	\$ 15,000	\$ 5,000	Local marketing focus to support program
Collateral/Promotional Material	\$ 35,000	\$ 21,500	Reduce newsletter to 4 times @ year
Fulfillment	\$ 4,000		Do all fulfillment in-house - solicit volunteers to help if office space permits
Trade Show Convention Bids	\$ 25,000	\$ 21,000	Cancel one show (67% of our bookings in 2003 are from this market)
Trade Show - Tour & Tv - Bids	21,140	\$ 10,000	Cancel Pow Wow and all out of town bid presentations
Trade Associations:			
Memberships	\$ 10,070	\$ 8,500	Cut back on memberships. Keep the most effective.
Conferences	\$ 2,800	\$ 1,500	Cancel all conferences except CA Conf. On Tourism
Web Site Development	\$ 15,000	\$ 7,000	Maintenance only
Video/CD's	\$ 2,500	\$ 1,500	
Conv. Supplies/Services	\$ 10,000	\$ 4,000	Complimentary materials for Hometown Host only
Media Relations/PR	\$ 50,000		Eliminate 1 full time contract PR position. Handle in-house.
Media PR Supplies	\$ 3,000	\$ 2,000	
Fans/Site Visits	\$ 7,000	\$ 6,048	
Marketing/Communicaitons	\$ 24,000	\$ 11,500	Reduce Marketing Contract position by 50%
Client Enter/Meetings/Events	\$ 11,000	\$ 5,500	50% cut
Auto/Travel	\$ 1,500	\$ 1,200	
Annual Hospitality Event	\$ 29,000	\$ 30,000	This event profits \$10k-\$15k each yr.
Postage	\$ 43,000	\$ 30,000	Postage should diminish with the reduction in demand/advertising.
Printing	\$ 16,000	\$ 13,000	Re-format and cut back some printing projects to save.
TOTAL MARKETING	\$ 512,010	\$ 273,460	47% reduction overall, which includes 1.5 FTE staff positions.
Total Expenses	\$ 1,022,500	\$ 775,500	
Adjustments			
REVENUE OVER EXPENSES	\$ -	\$ -	
EXPENSES OVER REVENUE	\$ -	\$ -	
2004/05 Budget Notes			
INCOME - OAK contract with OCVB has been approved for 03/04 not 04/05 yet.			
Staff - Reduction of 21% from 7 FTE (including contractors) to 5 1/2. No overtime. Staff to work harder with less.			
Compensation - No salary increases next two years.			
pending lawsuit from previous bureau			
Current copier is old and may need replacing. This budget allocates \$6,000 for this in 2004/05.			
MARKETING BUDGET - 47% reduction. OCVB will need to develop a revise marketing plan and strategies for 2004/05 in order to maintain a strong presence in the market and continue to provide the City with a good return on investment.			

**OAKLAND CONVENTION & VISITORS BUREAU
FY 2002-2003 PERFORMANCE STANDARDS (BENCHMARKS) VERSUS ACTUAL PERFORMANCE**

CATEGORY	PERFORMANCE MEASURE	ANNUAL ECONOMIC VALUE BENCHMARK	ACTUAL ECONOMIC VALUE PERFORMANCE	ACTUAL AS A PERCENTAGE OF BENCHMARK
Convention Sales & Services	Definite Room Nights Booked	\$5,000,000	\$3,356,000	67.0%
	Tentative Room Nights – Active	\$165,000	\$121,359	73.6%
	Booked Events and Meetings, Number of Room Nights and Economic Value	\$1,400,000	\$1,417,338	101%
	Category Economic Value Total	\$6,565,000	\$4,894,697	74.6%
Public Relations	Number of Editorial Placements/Paid Advertising Equivalency	\$600,000	\$992,380	165.4%
Finance	In-Kind Contributions	\$40,000	\$204,295	510.7%
	ANNUAL TOTAL OCVB ECONOMIC IMPACT GOAL	\$7,165,000	\$6,091,372	85.0%

**OAKLAND CONVENTION & VISITORS BUREAU
FY 2003-05 PERFORMANCE STANDARDS (BENCHMARKS)**

CATEGORY	PERFORMANCE MEASURE	ANNUAL QUANTITATIVE GOAL	ANNUAL ECONOMIC VALUE BENCHMARK	CATEGORY TOTAL
Convention Sales & Service	Conventions Booked	50		
	Definite Room Nights Booked	11,500	\$4,000,000	
	Number of Leads to Hotel/Venues	245		
	Number of Groups/Conventions Assisted	105		
	Events/Meetings Booked – Economic Value	25	\$1,120,000	\$5,120,000
Public Relations	Editorial Placements – Paid-Advertising-Equivalency		\$725,000	\$725,000
Finance	In-Kind Contributions		\$155,000	\$155,000
Annual Total				\$6,000,000

**OAKLAND CONVENTION AND VISITORS BUREAU
FY 2003-05 SCOPE OF SERVICES**

OCVB will provide the following services on behalf of the City:

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 D.

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 D**. These will form the benchmarks against which OCVB's performance during the contract period will be evaluated. Payment will be based on the successful attainment of these economic value benchmarks as outlined in Section 4 of the Professional Services Agreement.
11. Incentive: If the OCVB exceeds each of the economic value benchmarks and the City's TOT collections exceed budget projections of \$10,262,733, the City will pay the OCVB 50% of any TOT revenue over the budgeted amount, not to exceed 11% of the fiscal year TOT receipts.

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 03-04 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 1.3 delegates per room and multiplied by a per day estimate of delegate spending in Oakland. (A per delegate daily expenditure of \$270.00 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 2003. For special events and meetings booked without room nights **as** a result of an OCVB lead the number of attendees will be multiplied by **\$84.14**.
- (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 objective; 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. **This** annual report shall also include **an** independent financial audit. The Contractor Administrator shall submit this report to the Community & Economic Development Committee within 30 days from the date it is received from OCVB.

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

INTRODUCED BY COUNCILMEMBER _____

Alvin
OFFICE OF THE CITY CLERK
2003
- 2 PM
1:34

RESOLUTION AUTHORIZING THE CITY MANAGER 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 \$900,000 FOR FISCAL YEAR 2003-04 AND NOT TO EXCEED \$650,000 FOR FISCAL YEAR 2004-05 AND TO PAY OCVB UP TO FIFTY PERCENT OF THE AMOUNT OF THE CITY'S TRANSIENT OCCUPANCY TAX THAT EXCEEDS \$10,262,773 EACH FISCAL YEAR.

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 \$900,000 has been appropriated in the FY 2003-04 non-departmental citywide budget and \$650,000 has been appropriated in the FY 2004-05 non-departmental citywide budget; and,

WHEREAS, if the OCVB exceeds each of the established economic value benchmarks which total \$6 million and the City's TOT collections exceed budget projections of \$10,262,733, the City will pay the OCVB an incentive equal to 50 percent of TOT collections over \$10,262,733, not to exceed 11 percent of total TOT receipts for the fiscal year; 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

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COMMUNITY & ECONOMIC
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OCT 14 2003

RESOLVED :that *the* Oakland City Council hereby authorizes the City Manager to enter into a management agreement with the Oakland Convention and Visitors Bureau to perform visitor marketing services for *the* term beginning July 1, 2003, and ending June 30,2005, in an amount not to exceed \$900,000 in FY 2003-04 and \$650,000 in FY 2004-05; and be it

FURTHER RESOLVED :that the Oakland City Council hereby authorizes payment of an incentive of 50 percent of TOT revenues over the budgeted amount of \$10,262,733, if the OCVB exceeds each of the established economic value benchmarks and the City's TOT collections exceed budget projections; and be it

FURTHER RESOLVED :that the City Manager 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, _____, 2003 _____

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

Attest: _____

CEDA FLOYD

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

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DEVELOPMENT CMTE**

OCT 14 2003