



City of League City, TX

300 West Walker
League City TX 77573

Text File

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.Title

Consider and take action on a resolution authorizing a contract with Bay Area Houston Convention and Visitors Bureau to assist in advertising, marketing and promotion of tourism and conventions for League City (Director of Communications)

Council postponed 5-3-0 on September 27, 2016.

..Background:

Bay Area Houston Convention and Visitors Bureau (BAHCVB) is a regional organization providing marketing and promotion of tourism and conventions for the following Bay Area Houston communities: League City, Kemah, Nassau Bay and Seabrook. Potential benefits, as stated by the BAHCVB, include:

- Broader media exposure
- Enhanced marketing opportunities
- Co-op advertising program to subsidize advertisements
- Inclusion on BAHCVB guides/maps, print and digital visitor collateral, websites, social media, and visithouston.com
- Regional appeal and draw, link city hotels to area attractions
- Regional organizational memberships and travel industry associations
- BAHCVB personnel as extended marketing support staff
- Membership in Visit Houston & Beyond

Prior to this contract, City Council previously approved a contract with the BAHCVB for the period of July 1, 2013 to June 30, 2016 at a cost of 15% of the City's annual Hotel Occupancy Tax revenues.

Staff conducted an internal review of the City's approach to tourism, how the BAHCVB efforts impacted tourism to the City, and to ensure efforts and expenditures were in the best interest of League City residents. The review concluded that the City did not have a concerted effort and plan towards increasing tourism to the City. Events were driving expenditures and without a strategic vision in place, this would continue. It was also determined that the BAHCVB's past efforts have had limited impact. The City was not seeing notable results in being marketed through a regional concept and other entities were receiving the bulk of the promotion due to the entertainment and attraction opportunities they present to tourists. Concerns were also raised that League City's participation in the BAHCVB was not in the best interest of the City. Other factors contributing to the tourism impacts discussion:

- Chris Reed's study on BAHCVB impact to Nassau Bay tourism efforts:
 - BAHCVB predominantly advertises for Kemah Boardwalk and Space Center Houston.

- Unreliable or unbelievable statistics
- Contracts changed throughout the years without notifying city partners.
- City of Webster:
 - Investment not wise use of Webster funds
 - Requested information to demonstrate effectiveness of efforts to place visitors in Webster's hotels was not provided
 - Non-renewed contract in December 2012
- City of La Porte
 - Representation in BAHCVB marketing efforts was marginalized and under-represented
 - Non-renewed contract in September 2013

The BAHCVB contract renewal request was presented to the Hotel Occupancy Tax (HOT) Board on May 18, 2016. Consideration on the request was tabled to the next meeting. Staff's assessment and a proposal for the City's future approach to tourism were then presented to the HOT Board on May 18, 2016 and June 2, 2016.

The HOT board reviewed and considered BAHCVB's contract renewal request, staff's proposal and provided their recommendation throughout both meetings. While the board recognized the benefits from partnering with BAHCVB, the following concerns were also identified:

- Hotels in other cities were providing bigger HOT revenue contributions which indicated that League City is not marketed right
- League City needed to take a more proactive approach in tourism marketing efforts and the City must come first
- Lack of performance measures within the contract.

The board recommended a contract renewal with BAHCVB along with the following motion: 'The HOT Board supports the vision of League City creating its own CVB with a targeted strategic plan. We also support the regional approach with a reformatted and redirectioned BAHCVB with the consideration that any financial support include a contract that sets out goals with measurable results.'

Staff also presented the assessment, proposal for the City's approach to tourism, and the HOT Board's recommendation to City Council during a work session on June 27, 2016.

City Council's direction during this meeting was to continue a three-year contract with BAHCVB, renewable each year, while the City worked to establish a tourism arm (CVB) under the city. Council saw the value in the regional approach and the partnership with BAHCVB which gives League City an opportunity to enhance its reach and work with neighbors cities as the largest city in Galveston County. However, Council did ask for a three-year renewable contract to identify performance measures, a reporting mechanism that demonstrates value of the partnership, and a structured contract that allows the city to terminate the agreement if the city is not getting the value it should be getting.

Staff has incorporated the HOT Board and Council's directives in the attached revised contract draft. The continuing goal is to develop a contract tailored to the strategic vision of League City ensuring residents

are receiving the best value from the City's partnership with BAHCVB.

The previously proposed contract included the following:

- Term of agreement is for a one-year period with two additional one-year renewal terms
- Termination clause for any reason with 90 days written notice during the renewal terms
- Coordination efforts with League City's tourism representative
- Payment cap of 15% of HOT revenues collected for League City hotels in operation as of October 1, 2016
- Reporting and performance measures.

The proposed contract is the latest version and includes the following:

- Term of agreement is for a three-year period
- Termination of the Agreement for any or no cause with 30 days written notice after the first full year
- Coordination efforts with League City's tourism representative
- Payment cap of 15% of HOT revenues collected for League City hotels in operation as of October 1, 2016
 - Services provided by BAHCVB will be for hotels in operation in League City as of October 1, 2016
- Reporting and performance measures.
 - Quarterly reports due to the City within 45 days of the close of each quarter gauging the effectiveness of BAHCVB's efforts and how those efforts clearly and significantly impacted travel and tourism to the City
 - Performance measures remain the same with one minor change (i.e., publication of travel articles was changed from 20 to 10)
 - Performance measures are calculated through standards set forth within the Destination Marketing Association International Performance Reporting Handbook or other readily available media assessment programs

Approval of the previously proposed contract was postponed by City Council to October 11, 2016 during the September 27, 2016 in a 5-3-0 vote.

Discussions have been ongoing with the BAHCVB and they are satisfied with the terms within the proposed contract.

This contract, along with other tourism-related activities, will be funded by the Hotel Occupancy Tax.

Attachments

1. Data Sheet
2. Proposed Resolution
3. Bay Area Houston Convention and Visitors Bureau Contract Agreement
4. BAHCVB By-Laws

CONTRACT ORIGINATION: Bay Area Houston Convention and Visitors Bureau originated contract and includes staff changes.

FUNDING

☐ NOT APPLICABLE

☒ Funds are available from Account #24101800-54010, Hotel and Occupancy Tax: Visitor's Center

☐ Requires Budget Amendment to transfer from Account #_____ to Account
#_____