



AGENDA MEMORANDUM

Action Item for the City Council Meeting October 15, 2019

DATE: September 6, 2019
TO: Peter Zanoni, City Manager
FROM: Arlene Medrano, Business Liaison
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Authorizing the execution of a Management Services Agreement with the Corpus Christi Area Convention and Visitors Bureau (CCCVB) for a period ending September 30, 2024 and approving bylaws

CAPTION:

Motion authorizing a Management Services Agreement with the Corpus Christi Area Convention and Visitors Bureau (CCCVB) for a period ending September 30, 2024 in an amount totaling 44% of the City's 7% portion of Hotel Occupancy Tax revenue and approving the bylaws.

SUMMARY:

This motion authorizes a multi-year contract with the Corpus Christi Convention and Visitors Bureau (CCCVB) to provide professional services and personnel who are trained and experienced in the field of visitor and convention promotion and advertising. The City benefits directly by increased sales tax and hotel occupancy tax income produced by visitors and conventioners. The City agrees that for the convention and visitor services performed by the CCCVB under this Agreement, the City shall pay the CCCVB annually the sum of 44% of the City's 7% HOT receipts received. The FY 2019 budget is \$5,256,024 and the FY 2020 proposed budget amount is \$5,022,213.

BACKGROUND AND FINDINGS:

On September 22, 2015, City Council approved a three-year Consulting Services agreement with the CCCVB for a period extending from October 1, 2015 to September 30, 2018. Per the City's Annual Audit Plan, the City Auditor conducted a contract audit of the Consulting Services Agreement with the Corpus Christi Area Convention and Visitors Bureau (CCCVB) for a period from July 2018 to January 2019. As a result of the audit timing, a new multi-year term agreement with the CCCVB was postponed until said audit was complete. In September 2018, the City Council approved a month-to-month amendment with the CCCVB. The CCCVB has been on a month-to-month contract since October 2018.

The Audit was completed in January 2019 and staff has worked with the City Auditor's Office and the CCCVB staff to write a management services agreement that addresses the audit findings and makes improvements to the overall service agreement.

Major Revisions to the Service Agreement Include the following:

- ✓ Requirement for the CCCVB to enter into sub-recipient agreements with all contractors
- ✓ Addition of a requirement to establish procurement policies
- ✓ Addition of a template for the formal business/marketing plan with annual reporting
- ✓ Clarity on performance goals
- ✓ Limiting expenditure of HOT tax revenue to Corpus Christi only, unless otherwise approved in the Business Plan for area attractions that drive business to Corpus Christi (ie. King Ranch Breakfast in Kingsville, TX; Sand Fest in Port Aransas, TX, etc.)
- ✓ Addition of City Manager and Mayor, or designees, as voting members of the CCCVB Board
- ✓ Addition of City Manager and Mayor, or designees, as voting members of the CCCVB Executive Committee Meeting
- ✓ Addition of City Contract Manager as Ex-Officio, non-voting member, of the CCCVB Board.

The Convention and Visitors Bureau organization employs a professional staff of fifteen employees with a mission to “Drive overnight visitors to the Corpus Christi area.” In 2019, they reached 22,408 visitors via their Mobile Visitor Center and helped to increase hotel occupancy by 6.7%. In fiscal year 2019, the Convention and Visitors Bureau invested \$2.1 million in traditional advertising and \$650,000 in digital advertising reaching a combined total of over 288 million people.

The CVB management services agreement was presented to City Council at the October 1, 2019 meeting. At that meeting, Mr. Jim Hooper spoke during Public Comment and provided his commentary on the proposed agreement. City Staff and CVB Staff and CVB Board Members spoke with Mr. Hooper after the City Council meeting and City Staff reached out to Mr. Hooper by phone and email. Mr. Hooper’s comments are attached and include Staff’s responses and Recommended Action, if any.

Below is a list of revisions that have been made since October 1, 2019:

- In regards to the CVB’s role as the City’s Film Commission, Section 1.01 (J) is being amended to change the word “act as a liaison for the City” to “act as an agent on behalf of the City as prescribed in City Code of Ordinances Chapter 36 Article III.”
 - Also, Parks and Recreation will collect the \$25 permitting fee moving forward and an annual reconciliation of permits and revenue will take place.
- In regards to ownership of reports, work products and intellectual property, a section on intellectual property has been added to address this.
- In regards to the CVB not having any employees, the term “leased employees” has been added anywhere in the contract where the term “employee” is used.

ALTERNATIVES:

An alternative to authorizing this agreement would be to use the HOT funding to hire professional staff to work directly for the City of Corpus Christi to provide the services outlined in the scope of work. However, the staff at the CVB are experienced and knowledgeable in the field of convention and visitor services. In addition, any other alternative would delay and potentially jeopardize current convention agreements between conventioners and the Convention and Visitors Bureau and potentially decrease hotel occupancy tax revenues.

FISCAL IMPACT:

The financial impact of this management agreement is \$5,022,213 in fiscal year 2020. This funding is currently included in the FY 2020 Proposed Budget and represents 44% of the City’s 7% portion of Hotel Occupancy Tax revenue.

Funding Detail:

Fund:	1030 Hotel Occupancy Tax
Organization/Activity:	13800 Convention Promotion
Mission Element:	734 Tourism
Project # (CIP Only):	N/A
Account:	530000 Professional Services

RECOMMENDATION:

Staff recommends authorizing this agreement. The October 1, 2019 version of the agreement was approved by the Visit Corpus Christi Board of Directors on September 19, 2019. A Special Meeting of the Visit Corpus Christi Board is being planned for October 11, 2019, but as of October 7th, the VCC Board had not approved these changes. Board approval is not required prior to City Council action, but is required to ratify the agreement. All Convention and Visitors Bureau Board members are appointed by City Council.

LIST OF SUPPORTING DOCUMENTS:

Agreement- CCCVB Management Services Agreement
Presentation