

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: Billboard Lease for Tourism Promotions
DATE: December 6, 2011

NEEDS: For the City Council to consider extending a Billboard lease on behalf of the Travel Paso Robles Alliance (TPRA) for tourism promotion purposes.

FACTS:

1. Certain community tourism duties were assimilated into the City Manager's office and the Promotions Coordinating Committee (PCC) and Tourism Program were created.
2. During tourism service restructuring, the City assumed a lease (previously held/paid for by the Chamber of Commerce) for rental of billboard space on Highway 101 at the northern Spring Street off ramp.
3. The billboard has routinely been used to market Paso Robles as a tourism destination consistent with the City/PCC's adopted Marketing Plan.
4. The current four year billboard lease is to expire on December 31, 2011. The owner, Mr. Paul O. Smith, is willing to renew for another four year term with identical terms.
5. At their meeting of November 8, 2011, the PCC considered oversight of a cost recovery rental program for the billboard (similar to the Spring Street banner program) where annual events consistent with tourism goals would have access to the billboard. However, the PCC concluded that the billboard would be more appropriately managed by the TPRA.
6. The TPRA discussed the potential management of the billboard contract at their meetings of October 25 and November 16, 2011. At both meetings the TPRA concluded the billboard was of high marketing value to the community. While the TPRA initially urged the City's tourism program to retain the contract and cost responsibility for the billboard, they reconsidered at their November 16th meeting at which point they concurred with the PCC that the billboard would be most appropriately managed by the TPRA who would also cover its cost within their marketing budget.
7. The recommendation of the TPRA would require that the City (on behalf of the TPRA) enter into the billboard lease contract.

8. The TPRA will work with the City on a billboard policy to allow tourism related event/programs, that are consistent with the TPRA's marketing plan and sponsorship policies, to have access to the sign.

ANALYSIS &

CONCLUSION: The City's tourism and marketing program has historically utilized the Highway 101 billboard in achieving branding and visitor support service goals. The opportunity to continue using the billboard without impact to the City's general fund has been presented by the TPRA.

POLICY

REFERENCE: Economic Strategy; 2007 Tourism Program Marketing Plan; City Council general fund cost savings directives, including "fiscal neutrality."

FISCAL

IMPACT: The four year (2012 through 2015) billboard lease rate would start at \$7,300/year with an annual escalation of \$350/year. The annual cost of the lease through 2015 would be charged to the TPRA's marketing budget.

In the event that the TPRA ceased to exist (e.g. non-renewal) the City would retain the fiscal responsibility for the contract. In that unlikely case, the City could implement a cost recovery program that would allow the use of the billboard for tourism serving marketing goals without impact to the general fund.

OPTIONS:

- a. For the City Council to adopt Resolution 11-XXX authorizing the City Manager to enter into a four year billboard lease with Mr. Paul O. Smith on behalf of the TPRA for the continued goal of its use in tourism promotion purposes.
- b. Amend, modify or reject above option.

Attachment:

1. Resolution 11-XXX authorizing a billboard contract with Mr. Paul O. Smith

RESOLUTION NO. 11-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AUTHORIZING THE CITY MANAGER TO ENTER INTO A 4-YEAR LEASE
WITH MR. PAUL O. SMITH FOR USE OF A BILLBOARD FOR
TOURISM PROMOTION PURPOSES

WHEREAS, certain community tourism duties were assimilated into the City Manager's office which included assuming a lease previously held/paid for by the Chamber of Commerce for rental of billboard space on Highway 101 at the northern Spring Street off ramp; and

WHEREAS, the billboard has routinely been used to market Paso Robles as a destination and to direct visitors to a tourism focused website; and

WHEREAS, the current four year lease is to expire on December 31, 2011 and the owner Mr. Paul O. Smith is willing to renew for another 4-year term with identical terms; and

WHEREAS, the Promotions Coordinating Commission (PCC) at their meeting of November 8, 2011 considered PCC oversight of a rental program for the billboard (similar to the Spring Street banner program) where annual events consistent with tourism goals would have access to the billboard, but concluded that the billboard would be more appropriately managed by the Travel Paso Robles Alliance (TPRA); and

WHEREAS, the TPRA discussed the potential management of the billboard contract at their meetings of October 25 and November 16, 2011 and at both meetings the TPRA concluded the billboard was of high marketing value to the community; and

WHEREAS, while the TPRA initially urged the City's tourism program to retain the contract and cost responsibility for the billboard, they reconsidered on November 16, 2011 at which point they concurred with the PCC that the billboard would be most appropriately managed by the TPRA who would also cover its cost within their marketing budget; and

WHEREAS, the recommendation of the TPRA would require that the City (on behalf of the TPRA) enter into the billboard lease contract; and

WHEREAS, the billboard lease could be entered into without impact to the City's general fund as presented by the TPRA; and .

WHEREAS, the TPRA will work with the City on a billboard policy to allow tourism related event/programs, that are consistent with the TPRA's marketing plan and sponsorship policies, to have access to the sign.

THEREFORE BE IT HEREBY RESOLVED that the City Manager is authorized to enter into a lease agreement with Mr. Paul O. Smith on behalf of the Travel Paso Robles Alliance (TPRA) per the attached Exhibit "A" and in accordance with the City's adopted Marketing Plan.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 6th day of December 2011 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk

MEMORANDUM OF UNDERSTANDING

between

City of Paso Robles Tourism Promotions

and

Mr. Paul O. Smith

Smith & Smith

This memorandum of understanding entered into this day, November 28, 2011, is between the City of Paso Robles and Mr. Paul O. Smith for the lease of billboard property located north of Paso Robles on the west side of Highway 101.

Escalation is at the rate of \$350 per year, per the previous memorandum of understanding dated January 24, 2008. The City agrees to pay Mr. Paul O. Smith according to the following schedule:

| | |
|-------------------------------------|------------|
| January 1 through December 31, 2012 | \$7,300.00 |
| January 1 through December 31, 2013 | \$7,650.00 |
| January 1 through December 31, 2014 | \$8,000.00 |
| January 1 through December 31, 2015 | \$8,350.00 |

Payments are to be made annually on or after January 1st.

Mr. Smith and the City of Paso Robles will begin negotiations for 2016 in March of 2015.

Approved Agreed to by all parties:

Mr. Paul O. Smith
Property Owner

Mr. Jim App
City Manager

Date

Date

Exhibit A to Resolution 11-XXX