



Legislation Text

File #: 18-0876, Version: 1

Recommendation to authorize City Manager, or designee, to execute the Sixteenth Amendment to Agreement No. 28164 with the Long Beach Area Convention and Visitors Bureau, Inc., to extend the agreement for a one-year period and provide funding in the amount of \$4,958,676 for Fiscal Year 2019. (Citywide)

On October 1, 2002, the City Council approved an agreement with the Long Beach Area Convention and Visitors Bureau, Inc. (CVB), to develop a program to promote the City as a convention and tourist destination. Since that time, the CVB has been administering a marketing program to establish the City as a site for conventions and tourism by promoting its attractions, resources, climate, and facilities. The agreement is amended annually to extend the term and to reflect the level of funding appropriated by the City Council.

On September 4, 2018, the City Council adopted the Fiscal Year 2019 (FY 19) Budget, which includes funding for the agreement with the CVB in the amount of \$4,958,676, an increase of \$250,000 from FY 18. The increase will enhance the CVB's ability to promote tourism and conventions in Long Beach. Monies used for the contract are restricted funds from two sources: the Special Advertising and Promotion Fund and the Rainbow Harbor Area Fund. As in prior years, the proposed amendment includes funding for various promotional activities that support the City's economic development objectives.

In 2018, both the hotel occupancy and the average room rates reflect a slight decrease from January to June compared to the same period last year. The hotel occupancy rate decreased by 0.7 percent from 82.22 percent to 81.67 percent, and the average daily room (ADR) rate decreased by 1 percent from \$180.57 to \$178.70. Occupancy and ADR remain flat from historic highs as we absorb the new additional room inventory of 300 guest rooms at the Long Beach Airport. Additionally, there has been increased inventory and demand in unregulated online marketplace lodging rental services, such as Airbnb and VRBO, which makes the marketplace more rate competitive and has had an effect on occupancy at our hotels. The CVB's proposed amendment with the City for FY 19 will be key to ensuring a continuous promotion of the City as a convention and tourist destination. As a result of the CVB's efforts, it has received five of the most influential and recognized meeting industry awards for many years. The CVB has been honored in the past by *Successful Meetings Magazine*, *Meetings & Conventions Magazine*, *Corporate & Incentive Travel Magazine*, *Insurance & Financial Management Meetings Magazine*, and *Association Conventions & Facilities Magazine*. In 2007, the CVB was permanently inducted into *Meetings & Conventions Magazine's* "Elite Hall of Fame," an honor reserved for visitor bureaus that have achieved 12 consecutive gold service awards.

This matter was reviewed by Deputy City Attorney Linda T. Vu and by Budget Analysis Officer Julissa José-Murray on September 20, 2018.

City Council action is requested on October 2, 2018, to proceed with the Sixteenth Amendment to Agreement No. 28164 with the CVB.

The total amount of the one-year agreement is \$4,958,676, and is budgeted in the Special Advertising and Promotion Fund (SR 133) and the Rainbow Harbor Area Fund (TF 411) in the City Manager Department (CM). The Special Advertising and Promotion Fund derives its revenue to support this contract from the Transient Occupancy Tax. Approval of this recommendation will provide continued support to the local economy.

Approve recommendation.

PATRICK H. WEST
CITY MANAGER

APPROVED:

PATRICK H. WEST
CITY MANAGER