



**CITY COUNCIL
AGENDA BILL**

**AB 2236
June 13, 2017
Regular Business**

Agenda Item: 8a

Proposed Action & Subject: Discussion/possible action regarding the Chamber of Commerce and Tourism Bureau’s contract documents for Fiscal Year 2018 including the FY18 Marketing and Development Plan and Budget Document and a Memorandum of Understanding between the City of Sedona and the Chamber of Commerce and Tourism Bureau for the purchase of real property located at 401 Jordan Road.

Department City Manager

Time to Present 20 minutes

Total Time for Item 60 minutes

Other Council Meetings January 11, 2017; March 1, 2017; April 11, 2017

Exhibits

- A. FY17/18 Marketing & Development Plan, and Tourism Promotion Budget
- B. SCC&TB Quarterly Report to City
- C. MOU for the purchase of Real Property at 401 Jordan Rd

City Attorney Approval	Reviewed 6/5/17 RLP	Expenditure Required
		\$ \$2,336,700
		Amount Budgeted
		\$ \$2,386,700
City Manager’s Recommendation	Approve the Marketing and Development Plan and MOU for purchase of Jordan Rd.	Account No. FY18 Tourism (Description) Management and Development Budget 10-5220-72-6722 10-5220-72-6731 And FY17 10-5245-01-6731 for true-up portion
		Finance <input checked="" type="checkbox"/> Approval

SUMMARY STATEMENT

Background: On April 11, 2017, the City Council approved a new service contact with the Sedona Chamber of Commerce and Tourism Bureau (SCC&TB) for destination marketing, product development, and operation of the Visitor’s Center. Although the contract itself is approved, the agreement still requires SCC&TB to obtain City Council approval of the new marketing plan & product development plan and new fiscal year budget each year.

The purpose of this agenda item is to request City Council's approval of the FY17-18 destination marketing and development plan and FY17-18 budget (Exhibit A), and the approval of a Memorandum of Understanding (MOU) between the City and the SCC&TB for the purchase of property located at 401 Jordan Road (Exhibit C). The MOU is necessary to memorialize the relationship between the Chamber and the City as it relates to the acquisition and possible eventual conveyance of the property.

The budget submitted by the SCC&TB for FY18 is \$2,386,700. This includes 55% of the projected bed tax collections for FY18, which is \$2,141,700, plus an additional \$245,000 from the anticipated FY16-17 collections that will be paid in FY18. New in FY18, the City and SCC&TB will exercise the "hold-back" clause, which will set aside \$50,000 for the City to execute parking improvements at 401 Jordan Road. Thus, the payment to the SCC&TB will be \$50,000 less in order for the City to execute this project. The total amount of bed tax revenue to the SCC&TB in FY18 will be approximately \$2,336,700.

The SCC&TB Quarterly Report to the City is also included for additional information (Exhibit B).

Community Plan Consistent: Yes - No - Not Applicable

Section 7 (page 89) of the Community Plan addresses Economic Development. One of the key goals is to preserve and enhance Sedona's tourist based economic sector. The section of the Community Plan acknowledges that economic development in Sedona has been largely shaped and defined by tourism. In 2012, the Nichols Tourism Group prepared a market research study for the Sedona Lodging Council and identified that the tourism industry employed 8,900 jobs and tourism spending contributed approximately \$439 million to the local economy. Since the City of Sedona does not assess a property tax, its primary revenue sources are sales and bed tax.

While the Plan encourages diversification into other economic sectors, it also recognizes that Sedona has been and will continue to be a visitor-driven economy.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Adjust overall budget allocations between the three service areas.

MOTION

I move to: approve the Chamber of Commerce and Tourism Bureau Fiscal Year 2018 Marketing and Development Plan and Tourism Promotion Budget, and the Memorandum of Understanding (MOU) between the City of Sedona and the Sedona Chamber of Commerce and Tourism Bureau for the purchase of real property located at 401 Jordan Road.