

Mayor and Council Communication

DATE: 11/17/20

M&C FILE NUMBER: M&C 20-0853

LOG NAME: 25COVID19 VFW CARES ACT TOURISM RECOVERY FUNDING PHASE II

SUBJECT

(ALL) Authorize Execution of the Sixth Addendum to City Secretary Contract Number 44949, a Professional Services Agreement with the Fort Worth Convention and Visitors Bureau, in the Amount of \$600,000.00 to Implement Phase II of the Tourism Response and Recovery Plan

RECOMMENDATION:

It is recommended that the City Council authorize execution of the sixth addendum to City Secretary Contract Number 44949, a professional services agreement with the Fort Worth Convention and Visitors Bureau, in the amount of \$600,000.00 to implement Phase II of the Tourism Response and Recovery Plan to counter the COVID-19 effects to the hospitality industry.

DISCUSSION:

The City and the Fort Worth Convention and Visitors Bureau d/b/a Visit Fort Worth (VFW) are parties to City Secretary Contract Number 44949 (as previously amended and addended), a professional services agreement, under which VFW markets and promotes Fort Worth as a business and leisure destination (Agreement). The Agreement has an initial term that expires on October 1, 2021 and requires VFW to prepare and submit a yearly marketing plan to the City that includes the marketing and promotional activities and services to be performed by VFW for the upcoming fiscal year to promote the entire City and all of its facilities and amenities.

Funding for the general marketing is derived from a certain percentage allocation of hotel occupancy tax collections. Funding for the general marketing activities are payable in twelve equal monthly installments based on budget projections of hotel occupancy tax revenues and subject to a yearly "true up" process that identifies deviations between actual hotel occupancy tax collections and budget projections and corrects those deviations through a series of adjustments in the subsequent year's payments. Due to the pandemic, revenue from hotel occupancy taxes have been severely reduced.

COVID-19 has severely damaged Fort Worth's tourism industry and with it thousands of jobs and millions in tax revenue to support City services has been lost. Under guidance from the United States Treasury Department, organizations like VFW can use CARES funds to publicize the resumption of business activities and steps taken to ensure a safe and healthy travel experience, which would be considered activities in response to the COVID-19 public health crisis. VFW intends to expend up to \$900,000.00 to develop a tourism response and recovery plan to counter the COVID-19 devastation to the hospitality industry (Plan), as well as leverage events associated with the National Finals Rodeo to generate additional tourism. The Plan will be a highly-targeted, data driven advertising plan to promote near-term hotel stays and jump start visitation to the City, generating support for local businesses

There are three reasons this Plan is vital:

- Fort Worth has more attractions open than many cities but prospective visitors are unaware.
- This fall our community will not have once-relied-upon levels of visitor activity from convention and meetings, business travel and sports events.
- VFW's budget is not sufficient to mount an adequate re-start campaign for the fall.

Costs for the Plan are necessary expenditures that will be incurred due to COVID-19, were not accounted for in the City's most recently approved budget, and will be incurred during the period between March 1, 2020 and December 30, 2020. Therefore, funding for the Plan is in addition to, and falls outside of, the scope of the funding model under the Agreement. Mayor & Council Communication (M&C) 20-0758, approved on October 20, 2020, authorized Phase I of CARES funding in the amount of \$300,000.00. Phase II, upon authorization, will provide \$600,000.00 of CARES funding. Funding will not affect the general percentage allocation or the associated true up process.

This funding request was submitted to the City through the CARES Act Funding Request process. The request has been reviewed and approved by Financial Management Services, the City's CARES Act Funding auditor (Weaver and Tidwell), Deputy City Manager Jay Chapa, and the City Manager's Portfolio group.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are available in the current operating budget, as previously appropriated, in the Grants Operating Federal Fund to support the approval of the above recommendation and execution of the addendum to the professional services agreement. Prior to any expenditure being incurred, the Public Events Department has the responsibility to validate the availability of funds. This is an advance grant.

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