

Mayor and Council Communication

DATE: 10/20/20

M&C FILE NUMBER: M&C 20-0758

LOG NAME: 25COVID-19 VFW CARES ACT TOURISM RECOVERY FUNDING

SUBJECT

(ALL) Authorize Execution of the Fifth Addendum to City Secretary Contract Number 44949, a Professional Services Agreement with the Fort Worth Convention and Visitors Bureau, in the Amount of \$300,000 to Develop a Tourism Response and Recovery Plan.

RECOMMENDATION:

It is recommended that the City Council authorize execution of the fifth addendum to City Secretary Contract Number 44949, a Professional Services Agreement with the Fort Worth Convention and Visitors Bureau, in the amount of \$300,000 to develop a 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 12 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 HOT has 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 U.S. 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 \$300,000 to develop a tourism response and recovery plan to counter the COVID-19 devastation to the hospitality industry (Plan). 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. Funding will not affect the general 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 upon approval of the above recommendations, funds are available in the current operating budget, as appropriated, in the Grants Operating Federal Fund. 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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