

TOWN COUNCIL STAFF REPORT

Title: Town Council Planning Goals and Funding for Mammoth Lakes Tourism Fiscal Year 22-23.

Meeting Date: January 19, 2022

Prepared by: Rob Patterson, Admin Services / Finance Director

RECOMMENDATION:

Review staff recommendations for marketing focus and funding for Mammoth Lakes Tourism (MLT) for FY22-23. Council direction and action is requested in preparation for a joint meeting with MLT scheduled on January 26, 2022.

BACKGROUND:

The contract with Mammoth Lakes Tourism (MLT) adopted on July 1, 2019, included a number of sections to ensure a proper level of engagement was achieved between MLT and Town Council. The sections included a general service agreement containing the general provisions and legal language required for the contract and the following exhibits:

Exhibit A - Scope of Services - This section is intended to define overarching areas of focus (Access & Transportation, Brand & Community, Experience and Attractions, In Market Communication – Business to Community, In Market Engagement – Business to Business, and Administration of TBID and Events.

Exhibit B – MLT Deliverables – This section was to be updated annually based on strategic planning between the MLT Board and Town Council. Each of the goals planned for the fiscal year will tie directly to the Scope of Services outlined in Exhibit “A”. All goals should be **Specific, Measurable, Attainable, Relevant, and Timely** to serve as a true measure of success.

Exhibit C – Compensation – This section will be updated annually based on the Town budget, approved Transient Occupancy Tax (TOT) revenue and any adjustments to allocation or reserve rates approved by Town Council. The Town of Mammoth Lakes will provide an updated Exhibit C by May 1 of each year.

Exhibit D – Annual Planning Calendar – This section established the cadence and timing for MLT presentations to Town Council either to provide updates on progress or initiate discussion on deliverables noted in Exhibit B as part of annual planning

While this structure was designed to provide the appropriate level of discussion in advance of planning, some adjustments in timing are necessary to provide Town Council with the opportunity to give focus points to MLT in the development of the strategic work plan and

deliverables to Town Council. The plans developed for FY21-22 suffered from this timing challenge and members of Town Council did not feel they had adequate input into the work plans developed by MLT.

The funding for MLT historically has been different than other Non-Governmental Organizations (NGO) that contract with the Town. Most agencies, Mammoth Lakes Housing, Mammoth Lakes Recreation, and the Eastern Sierra Transit Authority, receive specific funding based on the contract deliverables or number of hours of operation. MLT receives the full allocation of Measure A, based on the Town's budget for Transient Occupancy Tax. This makes the funding variable and inconsistent with typical contract practices of paying for assigned tasks and deliverables. Staff is seeking to correct this practice for FY22-23 by establishing a contract price for the requests being made of MLT. This approach will not have an impact on the overall allocation to Tourism, Housing or Transit, but simply the amounts paid to MLT per their contract.

ANALYSIS:

This discussion on focus items is intended to allow Town Council to discuss general needs they believe need to be addressed through our marketing efforts. It is designed to provide high level areas of focus that will be discussed with MLT at our next joint meeting. MLT will utilize these focus points as a guide in the development of its marketing plan and contract deliverables. While the methods, tactics and strategies are the expertise of MLT, they should address concerns stated by Town Council during this focus process.

The items listed below are options for Town Council to consider, review and provide adjustment or alternate recommendations. They are written at the appropriate level, both in scope and achievability. The points under each section are intended to provide clarity of the intent, not specific work items.

1. Education (Visitor and Resident)

- a. To Mitigate Community and Environmental Impacts from Visitation
- b. Continue to Promote Responsible Travel and Stewardship
- c. Awareness of Diversity of Experiences, Walk Bike Ride, Host Program

2. Re-energize Destination Visitation

- a. Target shoulder seasons of spring and fall to sustain business and workforce
- b. Extended Stays – 3+ nights or more, mid-week to enhance carrying capacity, level out peaks and valleys.
- c. Maintain appropriate level of brand marketing in Southern California
- d. Expand marketing outside our region where strong air service connections exist through commercial flights.

3. Local Community Market Focus

- a. Reflecting community values in our intended visitor experience.
- b. Buy local campaigns, including MLT purchases when appropriate, promotion of local businesses for visitor services.

- c. Strengthen and promote local business relationships, coordination to enhance visitor experience.
- d. Assist in defining (where and what) local infrastructure enhancements are needed to have the largest positive impact on visitor experience.

4. Develop success measurements (outside of traditional marketing measures)

- a. Guest Surveys – Visitor satisfaction surveys
- b. Business Surveys – Increase in operating revenues
- c. Resident Surveys – mitigating visitation impacts, improve quality of life indicators

The list above is not exhaustive of all possibilities of focus. This list builds on the evolution of prior campaigns with an emphasis on improving the visitor and community experience. In some cases, the request may seem to be outside the purview of MLT but bridge a gap that exists between the community and the Town's marketing arm, MLT.

Funding recommendation

As previously stated, staff is seeking to standardize the Town's approach to funding our contracts with its NGOs. This would include recommending a set dollar amount for the focus items listed above in FY22-23. Staff would like to make the financial commitment longer term but the contract with MLT expires on June 30, 2023, making this a one-year plan. This approach would set the stage for the next contract where the funding strategy is not connected to the Town's budget process but more the expected effort by MLT.

The last two fiscal years had significant challenges with COVID-19 impacting our visitation. In those years, the existing funding strategy provided MLT with a low of \$1,750,000 and a high of \$2,335,000 to marketing, based on the calculation against TOT budget. Staff is recommending \$2,000,000 be allocated to MLT's contract for FY 22-23. This amount is less than the prior year which will require MLT to adjust its approach and fine tune marketing spend in order to increase efficiency, functioning within those limits as their plans are developed. Arguments against this approach are plentiful but in staff's opinion, remaining status quo with prior year funding will fail to meet the expectations of some Council and community members, serving to freeze spending and effort at prior year commitments. The Town still expects accountability to achieve goals outlined in the contract which may be changing each year, based on desired Town Council focus, economic indicators, and visitation, all of which will have an impact on the amount of funding the Town is willing to spend on marketing.

The allocation discussed above certainly will not be the only funds available to MLT for marketing purposes. MLT still retains all Tourism Business Improvement District (TBID) funding, budgeted at \$4.8M for FY21-22.

This adjustment in funding strategy would also have no impact on TOT allocation to Tourism, Housing and Transit. Those rates will remain at 2.35 points (18.08%), .85 points (6.54%), and .85 points (6.54%) respectfully. All TOT collected, budgeted and excess,

would contribute to those reserves at the rates listed above, accumulating for allocation at Town Council direction. In the past Town Council has allocated funds from each of these reserves, most recently, for housing projects. In FY20-21 both MLT and Town Council recommended use of the Tourism reserve funds for housing projects, ultimately funding \$1.9M from tourism reserves in FY21-22. This process and collaboration have been instrumental in furthering these important projects for our community. These reserve funds would also remain available to MLT for marketing if significant circumstances arose requiring immediate adjustment to the marketing plan or additional marketing efforts. This process would include a presentation to Town Council, defining circumstances requiring this additional marketing effort and cost of the campaign.

CONCLUSION:

The approach of this staff report and agenda item are intended to solve problems that exist in our current meeting schedule that did not allow for adequate input into MLT strategic planning for the coming fiscal year. This discussion is intended to allow Town Council to focus on the objectives it wants to accomplish in FY22-23 from a marketing perspective as well as discuss the critical adjustments to funding strategy proposed by staff. Staff is looking for a robust discussion from Town Council where the final focus funding strategy is agreed upon by the majority of Town Council. Once this information is identified, staff will refine the staff report with recommended items for the joint meeting with MLT and Town Council on January 26, 2022. During the joint meeting, Town Council will need to articulate these focus items and the specifics around funding for MLT in FY22-23.

RECOMMENDATION:

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