



## City of Muscatine



### AGENDA ITEM SUMMARY

DATE: 11/05/20

#### STAFF

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Carol Webb, City Administrator

#### SUBJECT

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Agreement between the City of Muscatine and the Greater Muscatine Chamber of Commerce and Industry (GMCCI) to provide Tourism and Marketing Services

#### EXECUTIVE SUMMARY

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The purpose of this item is to recommend approval of a Tourism and Marketing Services Agreement between the City of Muscatine and the Greater Muscatine Chamber of Commerce and Industry (GMCCI). This agreement assigns to GMCCI the responsibility for enhancing the economic development of the City and County of Muscatine by marketing and promoting it as a destination for visitors and tourism. In exchange for these services, the City will provide an annual allocation to GMCCI in the amount of \$125,000. This service agreement will replace services currently provided by the Convention and Visitors Bureau (CVB) and will expire in June 2022. Entering into the agreement requires the discontinuation of the Convention of Visitors Board. The Mayor is therefore authorized to execute the agreement upon passage of the changes to the CVB Code.

#### STAFF RECOMMENDATION

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Staff recommends approval of the agreement.

#### BACKGROUND/DISCUSSION

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The Muscatine Convention and Visitors Bureau (CVB) is responsible for marketing and promoting Muscatine as a destination for visitors and tourism. Prior to June 2013, the CVB was part of GMCCI. In 2013, the Convention and Visitors Bureau (CVB) separated from GMCCI to become their own nonprofit entity. A CVB Board was established and the CVB Director relocated to an office in the lower level of City Hall. The City provided accounting services for the CVB operation and through June 2015 the CVB's funds were accounted for as a discretely presented component unit of the City.

With the change in the CVB operation, the City changed the CVB's funding allocation from a fixed amount each year to 25% of actual Hotel/Motel tax receipts. The CVB Board and the City agreed that the annual allocations to the CVB would be 25% of the prior fiscal year's actual hotel/motel tax receipts.

In July 2015 the CVB dissolved their nonprofit entity, became part of the City, and a new CVB Board was appointed. In March 2017, the City contracted with GMCCI for staffing and operation of the CVB. This agreement expired in June 2018, but was extended for one year to June 2019. Since that time, GMCCI and the City have been operating under provisions of this agreement, although there was not a written extension of the agreement.

In January 2020, GMCCI contacted the interim City Administrator with a proposal to evolve the current arrangement (where the CVB is part of the City with staffing provided by GMCCI) to a service agreement by which GMCCI would directly provide certain marketing and tourism to the City for the purposes of economic development. Over the past several months, GMCCI and City management have negotiated an agreement that is acceptable to both parties. Key agreement terms include:

1. GMCCI will develop and provide visitor and tourism information and programs for visitors to the City of Muscatine and Muscatine County;
2. GMCCI will establish a Tourism Committee of five members to provide program development and financial management. City Council will appoint (either from among the City Council, City staff, or from the community) two members to serve on the Steering Committee.
3. The Tourism Committee will meet a minimum of six (6) times per year.
4. GMCCI will prepare an annual budget and work plan approved by the Steering Committee which includes metrics and that will be submitted to Council as part of the City's budgeting process.
5. The City will provide an annual allocation of \$125,000 from hotel/motel tax revenue to GMCCI in exchange for these services, which are detailed in the agreement but generally consist of promoting and marketing the community as a destination for visitors.
6. A written annual report will be provided to the City to ensure GMCCI's obligations under the agreement are met.
7. The agreement terminates on June 30, 2022.

As part of entering into the proposed agreement, the City CVB Board, established in Title 2, Chapter 13 of the City Code, will be dissolved. Council will approve this dissolution as part of a separate agenda item for this ordinance change.

#### CITY FINANCIAL IMPACT

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The agreement requires the City to provide an annual allocation of \$125,000 from hotel/motel tax revenue for FY 2021 and FY 2022. While hotel/motel tax collection was \$398,588 in FY2020 (\$101,412 under the original estimate of \$500,000), there is an adequate fund balance in the CVB fund (\$168,978) to allocate \$125,000 annually over the next two years. The City can re-assess the agreement and funding level when the agreement expires in June 2022. In addition, the agreement allows the City, with timely notice to GMCCI, to reduce the annual allocation based on such factors as hotel/motel tax revenue and/or the CVB fund balance.

#### ATTACHMENTS

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## Proposed City/GMCCI Tourism and Marketing Services Agreement

## AGREEMENT

### 2020-2022 TOURISM & MARKETING SERVICES

AGREEMENT, by and between the CITY OF MUSCATINE, IOWA (hereinafter referred to as the “City”) and the GREATER MUSCATINE CHAMBER OF COMMERCE AND INDUSTRY (hereinafter referred to as the “GMCCI”).

WHEREAS, the Muscatine City Council provides for the annual allocation of twenty-five percent (25%) of those receipts from hotel/motel tax revenue from the prior fiscal year to GMCCI to establish and maintain the Convention & Visitors Bureau (hereinafter referred to as the CVB); and

WHEREAS, the GMCCI Board of Directors is willing to provide direction, supervision, and administrative support for the CVB through this Tourism & Marketing Services Agreement; and

WHEREAS, the City and GMCCI agree to the following contractual obligations;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. ESTABLISHMENT. GMCCI will organize, manage and operate the CVB funds in compliance with all State and Federal laws which apply to a non-profit corporation as defined in Section 501(c)(6) of the Internal Revenue Code.
2. PURPOSE. The purpose of the CVB is to market and promote the city of Muscatine as a premier destination for leisure and business travelers. Similar to the CVB, GMCCI shall have the following responsibilities and duties:
  - To adopt all rules necessary to carry out the duties required under this agreement and all rules shall be consistent with federal, state, and city statutes;
  - To develop and provide visitor and tourism information and programs for visitors to the City of Muscatine and Muscatine County;
  - To enhance the economic development of the City of Muscatine and Muscatine County by promoting the City and County as visitor destinations and as a viable setting to hold meetings, conventions, special events, and community attractions; and,
  - To provide input for and review the annual budget request for the Convention and Visitors Bureau activities.
3. STEERING COMMITTEE. A Tourism Committee will be established by GMCCI Board of Directors to provide program development and financial management, all subject to the approval of GMCCI Board of Directors.
4. APPOINTMENT. The Steering Committee shall consist of five (5) members. The City Council shall appoint two (2) members to serve as one of the five (5) members of the Steering Committee. The remaining four (4) members shall be nominated by the GMCCI Executive Committee and approved by the GMCCI Board of Directors. GMCCI will seek community leaders from among, but not limited to, the following areas:

- Lodging
  - Food Service
  - Arts
  - Media
  - Persons Interested in Tourism (including retail, hospitality, or cultural tourism)
5. VACANCIES. Vacancies shall be filled in the same manner as the process described herein.
  6. TERMS. Steering Committee members shall be appointed for three (3) year staggered terms.
  7. OFFICERS. The Chair-elect of GMCCI in compliance with bylaws of GMCCI shall appoint a Chairperson each year.
  8. MEETINGS. Regular meetings of the Steering Committee will be held monthly with a minimum of six (6) meetings per year.
  9. BUDGET AND WORK PLAN. An annual budget and work plan will be prepared based on anticipated revenues and expenses. The work plan shall be approved by the Steering Committee and will include metrics that correlate to activities identified in the work plan and to the overall purpose of the CVB. At least annually, GMCCI shall present its work plan to City Council detailing results and metrics from the previous year and its work plan for the coming year. This work plan (and any requests for additional funds) shall be submitted in December of each year so it can be considered as part of the City's budget for the next fiscal year. Additional revenues besides those funds set forth in this agreement may be sought by the Steering Committee from the City subject to the approval of the GMCCI Board of Directors. City Council shall provide final approval of any additional funds sought by GMCCI.
  10. SUB-COMMITTEES. Based on Program of Work, sub-committees may be established by the Steering Committee. Non-chamber members and steering committee members will be encouraged to participate on these sub-committees.
  11. LIMITATION OF AUTHORITY. No action by any Steering Committee member shall be binding upon, or constitute an expression of, the policy of GMCCI until it shall have been approved and ratified by the GMCCI Board of Directors.
  12. FUNDING. It is the intent of the City to provide an annual allocation of \$125,000 from hotel/motel tax revenue that are collected by the Iowa Department of Revenue and received by the City, which amount shall constitute complete compensation from the City for all of the services to be rendered, including personnel costs, travel, printing, mailing, publications, and all other expenses. However, the City shall provide timely notice to GMCCI if a need arises to reduce the annual allocation based on such factors as hotel/motel tax revenue and/or the CVB fund balance. The sum shall be paid to GMCCI in four (4) quarterly installments during the first month of each quarter.
  13. USE OF CITY FUNDS. As a condition of the receipt of City funds set forth in Paragraph 12, GMCCI agrees to expend such funds pursuant to the following:

- *Tourism Micro-Grants.* The provision of small grants provided to organizers and event planners to create or develop locally hosted events;
  - *Fourth of July Event Sponsorship.* City funds to pool with other sponsorship funds to strengthen the annual Fourth of July event and to improve the visitor experience;
  - *Community and Promotional Events.* The creation of new arts, entertainment, cultural, and recreational events within the community;
  - *Creative Services Agreements.* The production of targeted marketing materials such as photography, video, and graphic design to promote the community and to increase visitors;
  - *Media Advertisement Purchases.* The purchase of local, regional, and media buys of developed marketing materials; and,
  - *Management Fee.* GMCCI staff time and resources to manage the activities listed above.
14. **ANNUAL REPORT.** GMCCI will provide the City with a written annual report each year, to enable the City to determine that the contractual obligations undertaken by GMCCI, specifically the work plan, were met. The work plan and report will include metrics identified in the work plan, e.g. Hotel/Motel Tax receipts; annual advertising expenditure; portion of advertising dollars spent to documented leads; number of tour groups and associated statistics; number of conventions and meetings and associated statistics.
15. **MANAGEMENT.** The staffing and management of this agreement is the responsibility of the President and CEO of GMCCI, who will assume full responsibility for employment, discharge and day-to-day management of the Tourism & Marketing Services Agreement with input from the Steering Committee, consistent with the personnel policies and benefit programs of GMCCI. Persons employed to handle these tasks are employees of GMCCI, and are not employees of the City. The President and CEO or his/her designee will serve as an ex-officio, non-voting member of the Steering Committee.
16. **ACCOUNTING.** GMCCI will maintain separate accounts, completely separate from the general fund of the chamber. All checks will require a signature of authorized GMCCI personnel/Board of Directors. GMCCI will provide bookkeeping services for the CVB funds and will prepare a monthly financial report on the CVB funded activities. The finances of the CVB will be included in the GMCCI audit that is conducted by a Certified Public Accounting firm. A full audit shall occur at least every other year. It is recognized by the parties that GMCCI's fiscal year commences on March 31 of each year.
17. **TERM.** This Agreement shall be effective the date executed by the City and shall terminate on June 30, 2022, unless renewed by mutual agreement of the parties. The Agreement may be terminated by either party by a written ninety (90) day notice. Upon termination, all funds held in the name of the CVB and funded from revenue received from the City shall become property of the City.

SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2020,

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Diana Broderson

Mayor

City of Muscatine

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Erik Reader

President & CEO

Greater Muscatine Chamber of Commerce

ATTEST:

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City Clerk

## ADDENDUM

### Proposed Budget

Use of City Funds	Fiscal Year 2021	FY 2022
Management Fee	\$ 30,000.00	\$ 30,000.00
Tourism Micro Grants	\$ 10,000.00	\$ 10,000.00
4th of July Event Sponsorship	\$ 5,000.00	\$ 5,000.00
New Community & Promotional Events	\$ 25,000.00	\$ 25,000.00
Creative Services Agreements	\$ 15,000.00	\$ 15,000.00
Media Advertisement Purchases	\$ 40,000.00	\$ 40,000.00
<i>Total</i>	\$ 125,000.00	\$ 125,000.00