

SPECIAL MEETING
Wednesday February 20, 2008
7:00 p.m.
Council Conference Room
250 Hamilton Avenue
Palo Alto, California

1. Oral Communications
2. Direct Staff to Issue an RFP for Visitorship Services for Destination Palo Alto
3. Study Session on Enterprise Funds
4. Discussion for Future Meeting Schedules and Agendas

TO: CITY COUNCIL

ATTN: FINANCE COMMITTEE

FROM: CITY MANAGER

DEPARTMENT: CITY MANAGER'S OFFICE

DATE: FEBRUARY 20, 2008

CMR: 146:08

**SUBJECT: DIRECT STAFF TO ISSUE AN RFP FOR VISITORSHIP
SERVICES FOR DESTINATION PALO ALTO**

RECOMMENDATION

Staff recommends that the Finance Committee recommend to City Council that:

1. Staff be directed to issue an RFP for visitorship services through Destination Palo Alto to enhance Palo Alto's economy
2. Staff be authorized to describe and link the Destination Palo Alto website to the City of Palo Alto website
- 3) Staff be directed to include \$240,000 for the Destination Palo Alto program in the 2008-09 Proposed Budget.

BACKGROUND

In October 2005, the City Council, through a Colleague's Memo authored by then- Vice Mayor Kleinberg and Council Members Beecham and Mossar, approved a motion to direct staff to agendize a Council discussion that would explore enhancing Palo Alto's economy by improving visitor outreach. The motion was approved unanimously.

In February 2006, staff returned to City Council and was directed to convene a committee of stakeholders for a Palo Alto visitorship effort. The committee, Destination Palo Alto, was chaired by the City Manager and held its first meeting on March 15, 2006.

Stakeholders included: the Palo Alto Chamber of Commerce, Stanford Athletics, Palo Alto Business Improvement District, Palo Alto Weekly, Stanford Visitor's Center, Palo Alto Online, California Avenue Area Development Association (CAADA), Stanford Shopping Center, Stanford University, Town and Country Shopping Center, Palo Alto Arts Center and business representatives from the hotel, retail and hospitality industries.

The goals of Destination Palo Alto included the development of a specific, actionable and achievable plan that would strengthen visitorship in Palo Alto. Three key objectives included:

1. Getting more visitors to come to Palo Alto
2. Promoting return visitorship to Palo Alto
3. Getting visitors to stay longer, use additional amenities and spend more money locally

DISCUSSION

The committee continued to meet on a regular basis and determined, based on Palo Alto's inventory of visitor attractions and strategic location, that a visitorship effort would enhance the City's ability to attract visitors. While assessing the City's strengths and weaknesses relative to visitorship, it became clear that while attractions and assets are plentiful, they are not linked, cross marketed or displayed well.

Instead of developing a plan to deliver visitorship services, the committee decided to embark on a series of experiments to learn more about opportunities to attract tourists in Palo Alto and gather information that would inform strategies for visitorship in the future.

Several partnerships have been undertaken and key information gathered to strengthen the Destination Palo Alto effort. Events include:

- Grand re-opening of Stanford Football Stadium
- Attraction of Stanford parents through "Admit Weekend" Dine Around activities, shuttle services and ambassadors
- Tour of California Visitor's Tent and services

In addition, the collaborations initiated through Destination Palo Alto have also provided:

- An inventory of Destination Palo Alto assets and amenities
- Development of ongoing marketing materials including a Destination Palo Alto website, rack brochure and visitor's guide
- Outreach to residential neighborhoods in Palo Alto

The next logical step in the expansion of visitorship services in Palo Alto is the formalization of the commitment to grow the City's ability to attract visitors and entice them to stay longer. This effort will increase sales tax and transient occupancy tax revenues generated by visitors to the City. The suggested method for providing local and regional marketing to attract visitors is to contract with a local convention visitor's bureau (which will include local and regional stakeholders) to partner with the City.

Attached to this City Manager's Report is a draft Destination Palo Alto Plan that will serve as the basis for an RFP to be issued for "convention-visitor's bureau" services for Destination Palo Alto. A key component of the requested services will be the establishment of measurements to evaluate the success of the program over the first two years.

Staff believes the increase in revenue from increased visitorship, spending and additional hotel night stays will potentially cover the expenses associated with the expansion of visitorship services provided by a convention and visitor's bureau in Palo Alto. Local and regional marketing efforts, buoyed by media support can make Palo Alto a preferred destination for visitors and shoppers.

RESOURCE IMPACT

The first year of Destination Palo Alto Visitor Program will be funded through an allocation of the projected Transient Occupancy Tax (TOT) for FY 08-09. The amount of the TOT allocated for the program is based on the expected growth in hotel occupancy that results from implementation of the program. The expected growth in occupancy is estimated to be 5 percent, which translates into \$240,000. With approval of the recommendation, staff will include \$240,000 in the 2008-09 Proposed Budget for the Destination Palo Alto Visitor Program. Staff intends for the program to be a two-year pilot with \$240,000 for the second year being proposed as part of the 2009-11 budget.

ENVIRONMENTAL REVIEW

This action by the City Council is not considered a project pursuant to Section 21065 of the California Environmental Quality Act.

ATTACHMENTS

Attachment A

Draft "Destination Palo Alto Plan" Discussion Outline

PREPARED BY:

SUSAN L. BARNES
Economic Development Manager

PLANNING AND COMMUNITY ENVIRONMENT APPROVAL:

STEVE EMSLIE
Director of Planning and Community Environment

CITY MANAGER APPROVAL:

FRANK BENEST
City Manager

