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: 

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CITY MANAGER APPROVAL:

FRANK BENEST  
City Manager
Draft "Destination Palo Alto" Plan Discussion Outline

I. **Background**
   A. The "Destination Palo Alto" visitor promotion was initiated by the City Council based on a City Council Colleagues Memo authored by Council Members Kleinberg and Mossar.

   B. City Manager Frank Benest invited a number of stakeholder group representatives to a first meeting held on March 15, 2006.

   C. The stakeholders group identified several goals for Destination Palo Alto:
      1. Develop a vision, mission and actions to market Palo Alto as a tourism and visitor destination
      2. Explore opportunities for public/private partnerships
      3. Identify possible sources of private as well as public funding
      4. Explore expansion of existing local Palo Alto websites to promote visitor-related amenities
      5. Coordinate University and other events with local businesses to maximize local economic benefit
      6. Identify promotional events to market Palo Alto
      7. Provide targeted outreach to visitors, meeting planners, the travel trade and media
      8. Develop an entity to receive and allocate funding for "convention and visitor's bureau-type" services

   D. Stakeholder groups have included:
      1. Chamber of Commerce
      2. Stanford Athletics
      3. Stanford Admissions Office
      4. Stanford Visitors Center
      5. Palo Alto Downtown Business Improvement District
      6. Palo Alto Weekly
      7. Palo Alto Online
      8. California Avenue Area Development Association
      9. Stanford Shopping Center
      10. Stanford University
      11. Town and Country Shopping Center
      12. Palo Alto Arts Center
      13. Business representatives including hoteliers, advertising agencies, graphic designers, retailers and restaurants
      14. Neighborhood Associations
E. The Destination Palo Alto Working Group decided to test out some collaborations before developing a plan to fund and operate a visitorship program. These initial collaborations included:

1. Developing an inventory of “Destination Palo Alto” assets and amenities

2. Promoting the Grand Re-Opening of the Stanford Football Stadium on September 16, 2006. This collaboration included a noontime rally in the Downtown, a City Block Party at City Hall Plaza, discounted tickets for residents, and special merchant and restaurant promotions.

3. Attracting Stanford University “Admit Weekend” parents to Palo Alto restaurants and businesses and other amenities. Held on April 19-21, 2007, this partnership included a special Visitors Guide, cross-marketing between Stanford and Destination Palo Alto, Welcome Bags provided by the Stanford Shopping Center, and a “Dine and Shop Around” event utilizing Marguerite Shuttles to the Downtown and California Avenue business districts.

4. Developing ongoing marketing tools, including:
   - Ongoing Visitor Guides developed by the Palo Alto Weekly and oriented towards special events or attractions
   - A “rack brochure” designed, published and distributed by the Palo Alto Weekly in conjunction with the City

5. Involving neighborhood associations in the Destination Palo Alto effort so that residents can understand the benefits of visitorship, enjoy special events and amenities, and learn about opportunities through the neighborhood association listserves and other media.

F. Upcoming Destination Palo Alto efforts will focus on:
   1. Stanford Admit Weekend, April 24-26, 2008

II. **The Basic Visitor Plan**

A. Now that partnerships have been formed and tested, the Destination Palo Alto working group believes it is time to develop a plan to fund and deliver an on-going visitor program.

B. Potential Operators of Destination Palo Alto or partners
   1. City of Palo Alto
   2. Chamber of Commerce
3. Downtown BID
4. Palo Alto Weekly
5. Stanford Visitors Center
6. San Mateo County Visitors and Convention Bureau
7. Other private or non-profit organizations
8. Partnerships of one or several groups listed above

C. Funding
1. The Destination Palo Alto Visitor Program could be partially funded by a "slice" of the new Transient Occupancy Tax (TOT) proposed by the City Council

➢ In November 2007, the Palo Alto community voted to approve a transient occupancy increase from 10% to 12%

➢ The total amount of new TOT revenue is projected to be $1.3 million per year. The Council desires that the new revenue be used for general governmental purposes, to fund essential programs, such as health and public safety operations, infrastructure and could potentially be used to fund tourism and visitor programs.

➢ Based on anticipated new growth and hotel occupancy resulting from a coordinated Destination Palo Alto effort, the City Manager recommends that $240,000 of new TOT revenue be used to partially fund the Destination Palo Alto Program.

➢ Funding would come available in July 2008

2. Other revenues and in-kind service to the fund visitorship program may come from participating hospitality-related businesses (such as hotels, restaurants, retail and other commercial establishments), advertising, and partnerships with other stakeholders (such as Stanford Athletics).

D. Key Program Elements
1. Marketing Palo Alto/Stanford visitor assets and amenities
2. Providing accurate, timely and appropriate information to visitors
3. Leveraging existing special events and developing new activities to attract visitors to Palo Alto.
4. Developing and sustaining collaborations and partnerships so there is synergy among all the efforts of Destination Palo Alto stakeholders
5. Developing and marketing hotel/special event/hospitality packages
6. Working with Palo Alto Weekly to maintain the website and update information on events
7. Serving as a point of contact, clearinghouse and broker for tourism packages (hotel, points of interest, restaurants, coupons, etc.)
8. Engaging other stakeholders in any programmatic efforts
9. Booking large groups in hotel and convention space
10. Reaching out to major employers and venture capitalists to capture business visitor spending in Palo Alto
11. Assisting international visitors who have an interest in Palo Alto

III. The Request for Proposal

A. The Proposing Entity or Entities

B. Organizational Information, Including Key Staff Delivering And Managing Services

C. Experience in Delivering Visitor Services and Knowledge of the Local Area and Market Opportunities

D. Funding
   1. Requested Funding From City of Palo Alto
   2. Funding provided from other Sources
   3. In-Kind Services from Organization and Other Partners

E. Visitor Services That Will be Provided as Part of Destination Palo Alto Contract with City of Palo Alto
   1. By Your Organization
   2. By Others

F. Marketing Tools To Be Used

G. Approaches to Collaborate With Other Destination Palo Alto Stakeholders

H. Proposed Outcomes and Metrics to Evaluate Success in First Two Years

I. Start-Up Steps To Be Taken

J. Contact Person and Info