

CITY OF YUBA CITY
STAFF REPORT

Date: September 3, 2019

To: Honorable Mayor & Members of the City Council

From: Administration

Presentation By: Terrel Locke, Assistant to the City Manager
Jacob Young, President, Yuba Sutter Lodging Association

Summary

Subject: Yuba Sutter Lodging Association Request for Matching Funds

Recommendation: Authorize matching funds for the Yuba Sutter Lodging Association for Promotion and Marketing of Tourism within Yuba City and the region for up to \$63,730

Fiscal Impact: Up to \$63,730 in matching funds from the Economic Development Tourism Account 4120-66020

Purpose:

To provide funding for marketing and promotion to increase tourism spending through existing and new events that provide economic growth to the region and City.

Background:

This item was considered by the City Council on June 4, 2019 and the Council requested the item return at the end of August for further discussion.

Established in March 2017, the Yuba-Sutter Tourism Improvement District (District) is a benefit assessment district to fund marketing and sales promotion efforts for Yuba-Sutter lodging businesses. This approach is successfully used in other destination areas throughout the State to improve tourism and drive additional room nights. Our local District includes all lodging businesses located within the boundaries of the cities of Yuba City, Marysville, Live Oak, and Wheatland; and the unincorporated areas of Yuba and Sutter counties. Hoteliers chose to pursue formation of the District in order to create a revenue source devoted to marketing Yuba-Sutter as a tourist, meeting and event destination.

The District set a 2% fee on each room night and established the Yuba Sutter Lodging Association (Association). As part of the District's formation our Yuba City hotel operators stated they would be willing to establish a tourism improvement district if the City would dedicate 10% of our Hotel/Motel Surcharge (transient occupancy tax or TOT). Although this request was made by Yuba City based lodging partners, the City is not contractually obligated to provide a Hotel/Motel Surcharge match.

The table below shows the amount that is expected to be paid by visitors who stay in hotels in Yuba City. The total amount of Hotel/Motel Surcharge is 12%, with 10% going to the Yuba City General Fund, and 2% going directly to the Yuba Sutter Lodging Association for tourism and marketing. The Lodging Association is requesting a portion of funds from the 10% Hotel/Motel Surcharge that is paid directly to Yuba City.

FY 2019-2020	Yuba City	YSLA	Total Surcharge
Hotel/Motel Surcharge	10%	2%	12%
Estimated Revenue	\$ 1,274,600	\$ 254,920	\$ 1,529,520

Analysis:

At the March 19th City Council meeting, the YSLA Board was directed to reach out to other jurisdictions in the region and request similar matching funds. Yuba County has committed \$15,000 which accounts for about 15% of their Hotel/Motel Surcharge budget. The majority of Hotels and Motels are located within Yuba City.

The YSLA Board is currently working to schedule a time to present to the Sutter County Board of Supervisors. YSLA has not been able to make contact with the City of Marysville but will keep working on it.

At this time, the new Hard Rock Hotel & Casino at Fire Mountain in Yuba County is not subject to the Tourism Improvement District since the project is on sovereign tribal land. The YSLA Board requested they voluntarily assess a 2% assessment on their guests and submit those funds to YSLA to promote the region for tourism efforts. If they do not voluntarily participate with YSLA no tourism dollars can be spent promoting their facility. An update will be provided at the Council meeting regarding the status of the request.

The YSLA Board has provided a breakdown of the 10% allocation request (Attachment A) with their goals and priorities for providing marketing efforts for Yuba-Sutter Tourism. The breakdown lists what efforts can be funded at the \$25,000, \$50,000, and \$75,000, \$100,000, and \$127,000 levels. Currently, the City has \$63,730 available in the Economic Development Tourism Account, which is 5% of the estimated amount to be collected in this fiscal year.

At the Council meeting on September 3rd, the YSLA Board will provide detailed information of where their current funds are allocated to.

Fiscal Impact:

Up to \$63,730 in matching funds from the Economic Development Tourism Account 4120-66020

Alternatives:

Do not approve the allocation of matching funds. If this option is chosen, then there will be less marketing of the Yuba-Sutter Region and growth of tourism may occur at a slower rate.

Recommendation:

Authorize matching funds for the Yuba Sutter Lodging Association for Promotion and Marketing of Tourism within Yuba City and the region for up to \$63,730.

Attachments:

1. YSLA Funding Allocation Breakdown

Prepared By:

/s/ Terrel Locke

Terrel Locke
Assistant to the City Manager

Submitted By:

/s/ Michael Rock

Michael Rock
City Manager

Reviewed by:

Finance

[RB](#)

City Attorney

[SLC by email](#)

ATTACHMENT 1

YLSA Funding Allocation Breakdown

Current Situation:

Current Marketing and priorities include brand awareness and digital advertising.

Successes thus far:

- New website: <https://visityubasutter.com/>
- Tourism Video: https://www.youtube.com/watch?v=6AhT_DaCyCQ
- Social Media Accounts: Facebook, Instagram, Twitter
- Digital Marketing Ads for the following demand drivers:
 - Hunting
 - Fishing
 - Birding
 - Hiking
 - Affordable Weekend Getaway
 - General Family Vacation
 - Rustic Weddings
- Print ad in California's Visitors Guide
- Wineries of Sutter Buttes Print article

Since launching <https://visityubasutter.com/> in May 2019:

- There have been 6,774 website users
- 285 clicks to "Book Your Stay"
- 494 clicks to add an event or activity to trip.
- 129 Book Direct referrals
- Digital ads account for over 78% of all "Book Your Stay" clicks

Budget Breakdowns:

\$25,000

- Continuation of digital advertising and brand awareness
- General print ads in regional/smaller publications

\$50,000

- Use local Yuba Sutter talent (Conejo Bro's) to shoot and produce external brand awareness videos on demand drivers to promote the assets of the region to our target market.
- Create informational guides for specific regional assets (restaurant guide, wineries guide, hiking trail guide, etc) to spread awareness to tourists and extend stays and/or create repeat visits.

- Enhance 'Rustic Wedding' campaign by placing ad in Bay Area wedding publication.

\$75,000

- Internal brand awareness videos. Videos targeted to residents of Yuba Sutter region with the goal of changing their perspective of the area and shift to a more positive dialogue.
- Internal social media campaign. Utilize videos and create additional content targeted towards residents to highlight assets of the area that are overlooked or taken for granted. Get residence excited about where they live and increase internal perception of region.

\$100,000

- Place general ads about Yuba Sutter Region in higher cost National magazines and reach a wider audience.
 - Sunset Magazine
 - Travel & Leisure Magazine
 - Food & Travel
- Place more specific ads in reputable publications:
 - Birding
 - Hiking
 - Fishing
 - Rustic Wedding
 - Hunting

\$127,000

- Create and implement physical and more permanent marketing fixtures (would require additional funds and partners)
 - Informational kiosks
 - Way finding strategy