

MEMO

To: The Community Marketing Commission

From: Betsey L. Hale, Economic Development Director

Re: Way Finding and the Visitor Center Improvements

Date: October 9, 2012

The City of Loveland appreciates the time and leadership the members of the Community Marketing Commission (CMC) give to the oversight and use of the Lodging Tax funds. At their September 19th, 2012 meeting the commission unanimously approved a motion recommending to the Loveland City Council the use of \$186,000 of lodging tax reserves for the purpose of purchasing and placing 21 way finding signs throughout the City of Loveland. The current reserve balance is over \$718,000.

The CMC unanimously approved a motion recommending the colors of the sign be approved by City Council as recommended by the CMC and approved by Colorado Department of Transportation (CDOT). On October 2nd, 2012, the Loveland Downtown Team (LDT) received the same presentation made to the CMC on September 19th and the LDT unanimously supported the CMC recommendations to Council.

On November 20th, 2012, the City Council will hold a public hearing to consider an ordinance on first reading regarding the approval of a supplemental appropriation of \$186,000 of lodging tax reserves for the way finding program. Support for this appropriation is consistent with the following City Council policies and direction.

- ✓ The HIP Streets Plan recommended by the LDT and adopted by City Council in 2009.
- ✓ The Destination Loveland Strategic Plan recommended by the CMC and adopted by City Council in November of 2011.
- ✓ City Council identified way finding throughout Loveland as a 2012 priority at their January Advance.

Based on the direction given by the CMC and LDT, staff has prepared the City Council packet for November 20th, 2012.

Staff recognizes that one citizen and one CMC member have asked the CMC to reconsider these recommendations before going to City Council. This memo should address any outstanding questions. Included in the memo is a copy of meeting minutes from February 15th, 2012. Please note the section on the Way Finding presentation made by staff. Mr. Reester's comments about cost referred to the average cost of a basic sign found in the City. He was not referring to the cost of a way finding sign.

The minutes reflect that the commission was asked to consider where signs should go and what they should look like. This led to the formation of a subcommittee and 3 members of the CMC were selected: Bush, Saffell and Erion. The minutes further reflect that the priorities should be the Visitor Center and creating connectivity way finding. The model should be useful throughout the City.

While the Development Services Department staff did not attend a CMC meeting, they did attend subcommittee meetings and they did meet with Public Works Department staff.

Process and budget questions on way finding:

1. Who made the recommendations of the number of signs, the design, color, locations and ultimately the costs to complete the project?

A subcommittee of CMC and LDT members along with staff participated in the process. The members of the committee were:

Justin Erion – CMC
Kristine Koschke-LDT
Brian Jones-LDT
Ingrid Bush-CMC
Judy Saffell-CMC
Mike Scholl-Economic Development
Cindy Mackin - Economic Development
Dawn Wirth – Economic Development
Frank Hempen – Public Works
Bill Hange – Public Works
Jodi Lessman – Public Works

Key Point: CDOT must have the final approval of all sign design, size and locations on any State or Federal highways. This includes I-25, US 34 and US 287. This is a critical point that should not be overlooked. It was never anticipated by the subcommittee that CDOT would be so supportive of the project to agree to place signs on I-25. There is not a single community north of Denver that has signage with a community tourism brand and color on it. This is extremely rare and should not be disregarded. The 2009 HIP Streets Plan was a Downtown centric project. The subcommittee for the CMC/LDT proposal spent a great deal of time contemplating all key corridors into Loveland and all of the priority way finding needs to important Loveland attractions not exclusively Downtown.

It is important to note that CDOT would **not** approve the City sign shop making the signs or constructing the sign support columns. CDOT must protect drivers from signs not built sturdy or stable enough for the incredibly challenging environmental conditions the signs will be in during the winter and extreme wind seasons.

CDOT also requires signs be large enough to be seen by drivers moving at 75 mph or greater. These two factors were not included in previous budget estimates. The signs that were proposed in 2009 were for Downtown and did not take into consideration environmental, speed or size cost impacts.

2. What about the repair, replacement and maintenance costs?

As staff pointed out the life expectancy of the signs is 15 years. Staff is recommending that the CMC establish a repair/replacement and maintenance fund for the way finding program starting

in the 2014 budget. An allocation of \$12,000 annually should be sufficient for this purpose. This is a common practice in all City departments for the replacement of assets that are subject to weather related and other types of damage.

3. Is there a charge annually to have these signs on I-25?

No, there is not a fee. The blue information signs seen most frequently on the interstate are made available to private companies. The private businesses do pay \$1,500 a year to advertise their hotel, restaurant, gas station, etc. on the CDOT signs. The City's signs are owned by the City and maintained by the City. We are a government entity not subject to this charge.

4. Why aren't we using the 2012 Product Improvement funds for the way finding?

The 2012 lodging tax budget was recommended by staff and the CMC for City Council approval in November and December of 2011. During that time, the City had just started the process of taking over the operations of the Visitor Center but staff was not engaged in the day to day operations or oversight until January 2012. As City staff began to spend more time at the Center, it became evident there were significant unanticipated expenses for repair, maintenance and replacement. These issues ranged from broken tiles, windows, fixtures, plumbing and electrical service upgrades to the landscaping, tree and shrub removal and replacement as well as carpet, paint, telephone and internet service separation and upgrades. There was also a need for inventory and point of sale purchase equipment, safe, and computer.

As the CMC liaison until April 2012, I mentioned these concerns to the CMC when I presented my staff report in February. The February 15th minutes reflect my concern that the Visitor Center budget may need to be amended due to the transitional costs being, "more substantial than originally anticipated."

The presentation to the CMC and Council for the 2012 budget is attached to this memo. The Visitor Center is a core function of Destination Marketing. As stated in the presentation funding the Center meets goal #2 and action step 3 of the Destination Loveland Strategic Plan which states, the City should "maintain a visitors' center, website, and 800 number and information fulfillment process." The Visitor Center's budget of \$125,000 does not cover repair, replacement, or maintenance outside of day to day cleaning.

Product Improvement is the funding set aside to support "infrastructure improvements." While way finding was stated as a priority for 2012, this was prior to the City taking over the center and finding these deferred maintenance issues outlined previously. Repairs and improvements to the visitor center internally and externally have cost \$40,095.44. An additional \$11,682.89 was spent to purchase the lighted wall boxes, install and wire the boxes and purchase the banners on the main entryway walls. The total for the project is \$51,778.13. These expenses **do** meet the definition of product improvement and it should be noted that the Visitors Center is a destination the way finding and billboards are sending visitors to.

CMC Budget Breakdown 2012 Actuals:

This is a report to date on the lodging tax spending by primary category. In the future the CMC will receive a monthly report broken down as seen below. While there is an overage in the Product

Improvement category all other categories are within budget. With 20% of the year remaining there is still 18.5 % of the budget remaining. At the October 17th meeting of the CMC staff will be recommending the CMC make two budget adjustments. One will be to reallocate \$2000 from events to Product Improvement. Based on spending projections staff is recommending a reallocation of \$6000 of marketing funds be reallocated to Visitor Services. This is to cover unanticipated overtime for the Visitor Services Coordinator and the Business Services Coordinator this past year. These reallocations do not increase the overall budget of \$500,000. Please remember the CMC must make a motion to move funds within the budget. This is not standard City practice and the action does not need to go to City Council.

Run Date: 10/09/2012

<u>Segments/Accounts</u>	<u>Total Budget</u>	<u>YTD Exp</u>	<u>YTD Enc</u>	<u>Total Available</u>
206 : Lodging				
SubTotal : 0000 : Visitor Services	95,000.00	87,257.40	0.00	7,742.60
SubTotal : 1504 : Community Marketing	100,000.00	61,442.80	2,500.00	38,057.20
SubTotal : 1505 : Visitor/Reception Center	125,000.00	92,286.10	0.00	32,713.90
SubTotal : 1506 : Website	25,000.00	7,504.80	8,225.00	9,270.20
SubTotal : 1507 : Events	105,000.00	96,406.12	0.00	8,593.88
SubTotal : 1508 : Product Improvement	50,000.00	51,778.33	0.00	-1,778.33
SubTotal : 206 : Lodging	500,000.00	396,675.55	10,725.00	92,599.45