

STAFF REPORT

City of Lancaster

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10/13/09
MVB

DATE: October 13, 2009

TO: Mayor Parris and City Council Members

FROM: Vern Lawson Jr., Economic Development/Redevelopment Director

SUBJECT: **Approval of Destination Lancaster, the new Visitors Bureau of Lancaster, through a Letter of Understanding between the City of Lancaster and the 50th District Agricultural Association**

City Council Recommendation:

Approve the letter of understanding for the formation of the Visitors Bureau of Lancaster (the "Visitors Bureau" or "Destination Lancaster") by and between the City of Lancaster (the "City") and the 50th District Agricultural Association (the "Antelope Valley Fairgrounds" or the "Antelope Valley Fair") and authorizing the City Manager to execute all documents related thereto and in furtherance thereof.

Fiscal Impact:

The City will commit \$100,000.00 from 910-8601942 and the Antelope Valley Fairgrounds will commit \$30,000.00 toward the creation and marketing of Destination Lancaster, for fiscal year 2009/2010.

Background:

As the economic challenges in the local, state and national economy have continued to grow, the City has sought out new sources of revenue by diversifying and working to grow its tax base. The City has recognized that the tourism market in the area is largely untapped and represents a great potential new source of expanded tax base, innovative business opportunities and new jobs.

On February 24, 2009 the City Council unanimously approved the Lancaster Economic Stimulus Package which included 22 programs aimed at maintaining and bolstering the economic activity in Lancaster. The Lancaster Economic Stimulus Package is a Timely, Targeted, Temporary and Demand Driven effort to re-energize the local economy. Current economic indicators report data describing a serious recession throughout the Country. The City has been affected at levels much worse than other areas in the State and the Nation.

The Hospitality arm of the stimulus package will support the local hospitality industry and related businesses by a concerted effort to expand the tourism tax base. The City will work with the Antelope Valley Fair and with local businesses and agencies to develop and fund Destination Lancaster aimed at creating new destination events, activities and supporting businesses to attract visitors to the City who will utilize local hotels, restaurants and entertainment venues. The business community will experience an increase in sales as a result. Current sports events, film and motion picture production, and festivals and other outdoor attractions will be earmarked for expansion.

Summary:

The City and the Antelope Valley Fair will work together to create Destination Lancaster which will represent the City as a destination location and hub to adventure tourism. The purpose of creating Destination Lancaster is to promote the City as a location with many diverse assets and amenities and to encourage spending from visitors on day trips, overnight stays, special events and sports activities. The City, and the surrounding area, offers unique and diverse opportunities to expand a visitor base in the Antelope Valley. Destination Lancaster will help differentiate the City from the rest of Southern California with the Boulevard, adventure sports and aerospace to name a few. The revitalization of Lancaster Boulevard will provide a unique competitive differentiator to the City. Along with providing a festive atmosphere and promoting new entrepreneurial activity, the Boulevard will prove to be a main attraction in the City's long list of amenities.

Destination Lancaster will work to promote new business creation and hotel attraction by creating a demand for an almost non-existent industry. A study conducted during the original City brand research shows that the average visitor to the City is of an affluent demographic and therefore, an expanded visitor base equals an expanded tax base. The desert which we typically take for granted is large draw to those visitors who do not live in or near it, particularly European visitors who are known for visiting Death Valley. These visitors will not only patronize the hotels but the retailers and restaurants as well during their stay.

Destination Lancaster will be located in the City and initially housed in the Antelope Valley Fair administration building. Ultimately, Destination Lancaster and the public visitor center will be located in downtown Lancaster. Destination Lancaster will be run by a five member board consisting of: one (1) Antelope Valley Fair board member; one (1) City Council member; the Antelope Valley Fair's General Manager; the City's Economic Development Director; and one (1) hospitality industry representative as appointed by the City's Mayor (with the consent of a majority of the City Council). Destination Lancaster's board will receive input from a group of industry stakeholders which will meet regularly to provide ideas and input. Established as a non-profit corporation, the day-to-day operations of Destination Lancaster will be managed by its director, an employee of the Visitors Bureau.

Staff recommends that the Letter of Understanding between the City and the 50th District Agricultural Association be approved and that the City Manager be authorized to execute all documents related thereto and in furtherance thereof.

VL:hs

Attachment:
Letter of Understanding