MEMORANDUM

TO: **CITY COUNCIL**

FROM: **STEVEN ADAMS, CITY MANAGER**

SUBJECT: **CONSIDERATION OF SHOP LOCAL CAMPAIGN**

DATE: **MARCH 11, 2014**

RECOMMENDATION:

It is recommended the Council: 1) direct the City Manager to proceed in developing a "shop local" campaign and mailer; and 2) appropriate $5,000 from the unappropriated General Fund fund balance for the mailer.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The cost will be funded from the General Fund. Staff believes the financial benefits of increasing sales tax revenues from the campaign will exceed the costs. There will be some staff time involved in developing the campaign, but that can be accomplished with existing resources and falls within the City's economic development goals.

BACKGROUND:

Staff was recently approached by a representative of Mullahey Ford regarding an interest in encouraging the City to initiate a "shop local" campaign. In response, staff coordinated meetings with the auto dealers and Chamber of Commerce Executive Director. It was agreed that it would be desirable to pursue a coordinated shop local campaign.

ANALYSIS OF ISSUES:

The interest in developing the shop local campaign was generated in response to concerns regarding the level of sales leakage by Arroyo Grande residents making major purchases outside the City. As a result, the proposed strategy involves the following components to be concentrated in the period of April and May 2014:

- The City will include an article in the April – June issue of the Stagecoach Express;
- Information will be placed on the City's website and cable television government channel;
- The City will distribute a mailer to all households;
- Mullahey Ford will distribute a mailer to all households;

- The Chamber of Commerce will place an article in their newsletter and on their website; and
- The Chamber of Commerce will solicit interest in participation from other businesses.

The mailers will be coordinated by jointly contracting with a marketing consultant, who will develop an overall common theme and graphics. The objective of the City's mailer will primarily be to educate the public on how shopping locally will keep their dollars local to support vital City services funded through sales tax revenues.

ALTERNATIVES:
The following alternatives are provided for the Council's consideration:

1. Approve staff's recommendations;
2. Direct staff to instead pursue jointly funding one mailer, but staff is recommending separate mailers because they will increase the impact and avoid utilizing tax dollars to endorse a specific business and/or product;
3. Provide information through the web site, cable channel, Stagecoach Express, and utility bills, but not approve the expenditure for the direct mailer; or
4. Provide staff with other direction.

ADVANTAGES:
The shop local campaign will help create jobs by supporting local businesses, improve the local economy, promote quality businesses that enhance the community, and increase sales tax revenues to the City.

DISADVANTAGES:
The only disadvantage is the cost of the campaign and the difficulty in effectively communicating the message to the public.

ENVIRONMENTAL REVIEW:
No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:
The Agenda was posted in front of City Hall on Thursday, March 6, 2014 and on the City's website on Friday, March 7, 2014. No comments were received.