



Pinellas County

Staff Report

File #: 17-1976A, **Version:** 1

Subject:

Second Amendment to the contract with Miles Partnership, LLLP for requirements of digital marketing services for the Convention and Visitors Bureau.

Recommended Action:

Approval of the Second Amendment with Miles Partnership, LLLP (Miles) for requirements of digital marketing services for the Convention and Visitors Bureau (CVB).

Contract No. 156-0447-P (JJ); increase in the amount of \$7,600,000.00 for a revised total contract value of \$20,850,000.00 through December 31, 2021. Chairman to sign and Clerk to attest. The revised annual expenditure with Miles going forward will be \$4,550,000.00.

Strategic Plan:

Foster Continual Economic Growth and Vitality

4.6 Support a vibrant community with recreation, arts and culture to attract residents and visitors

Summary:

The Second Amendment increases the contract with Miles to realign the digital media marketing program to Miles through December 31, 2021 from Birdsall, Voss and Associates, Inc. (BVK), the CVB's advertising agency of record. Realigning the digital media marketing program will create increased efficiencies by reducing agency-to-agency coordination efforts and reduce annual placement labor costs by \$31,700.00.

Background Information:

In the past, technology and advertising were considered to be two separate functions. This is no longer the case. Digital marketing continues to evolve and technology firms are now the leaders in this space.

BVK is capable of performing the tasks associated with the CVB's digital media marketing program. However, digital marketing is not their core business. BVK has been outsourcing digital media buying to a third party. BVK's fee schedule contains a 17% management fee for advertisement placements. For \$1,585,000.00 in annual projected advertising, BVK's placement costs are \$269,450.00.

Miles currently produces the content that drives the digital marketing program. It is more efficient to assign administrative responsibility to Miles for digital media placement. The end result will be better alignment of digital marketing needs with the digital agency. Additionally, the existing scope of work in the Marketing Section of the contract includes marketing in the form of Search Engine Optimization/Marketing (SEO/SEM), which is the heart of digital advertising and marketing. Further, the Miles agreement does not contain a management fee; work is billed at an hourly rate per the fee schedule. For the same annual advertisement projection, Miles labor is quoted to be \$237,750.00,

which is \$31,700.00 less than BVK.

This \$1,900,000.00 amendment includes \$1,585,000.00 for digital advertising, \$77,250.00 for Total Acceleration/Ad Service Charge (a direct pass-through from Ad platforms), and \$237,750.00 for Mile's monthly management/optimization and reporting of the program.

The Board of County Commissioners awarded this contract on December 13, 2016, for a sixty (60) month term. The County Administrator approved the First Amendment on June 27, 2017, for the purpose of clarifying reimbursement procedure.

The BVK agreement is a task order contract with a not-to-exceed contract amount. The contract is to expire in September 2018. The contract amount within the agreement is not being reduced as a result of this Amendment. Instead, no production requests associated with digital marketing will be issued against the BVK agreement.

Fiscal Impact:

Current approved to date expenditure not to exceed:	\$13,250,000.00
Increase expenditure not to exceed:	\$7,600,000.00 (\$1.9M annually)
Revised total expenditure not to exceed 12/31/2021	\$20,850,000.00
Miles revised annual expenditure:	\$ 4,550,000.00

For FY18, the CVB originally budgeted \$14M for the BVK agreement. Due to the removal of digital media marketing, BVK's budget was reduced by \$1.9M to a new total of \$12.1M per Standing Purchase Order (SPO 429144).

Funding is derived from the Tourist Development Tax.

Staff Member Responsible:

David Downing, Director, Convention and Visitors Bureau
Joe Lauro, Director, Purchasing

Partners:

Tourist Development Council

Attachments:

Second Amendment