

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
Interim District General Manager

FROM: Paul Raymore
Marketing Manager

SUBJECT: Review, discuss and possibly approve an item for the 2020/21 Fiscal Year allowing the District to enter into an agreement for media buying services for 2020/21; Venues: Diamond Peak, Championship Golf Course, Mountain Golf Course, Facilities, Recreation Center and Tennis Center; Vendor: EXL Media; Contract Amount: Up to \$265,700 in paid media spending, \$92,000 in trade media spending and \$68,000 in agency fees – a grand total of \$425,700

STRATEGIC PLAN: Long Range Principle #6 - Communication

DATE: June 24, 2020

I. RECOMMENDATION

That the Board of Trustees make a motion to authorize Staff to enter into an agreement (prior to the start of the Fiscal Year 2020/21) with EXL Media for 2020/21 Fiscal Year media buying services for Diamond Peak Ski Resort, the Incline Village Golf Courses, Facilities and the Recreation and Tennis Centers for a total amount of up to \$425,700 consisting of \$265,700 in paid media spending, \$92,000 in trade media spending and \$68,000 in agency fees.

II. STRATEGIC PLAN REFERENCE(S)

Long Range Principle #6 – Communication – The District will engage, interact and educate to promote understanding of the programs, activities, services, and ongoing affairs.

- Provide clear, concise and timely information in multiple, publicly accessible formats.

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- Ensure that both internal and external communication is responsive, comprehensive and inclusive.

III. BACKGROUND

As a component of IVGID's Diamond Peak, Golf Courses, Facilities, Recreation Center and Tennis Center annual marketing and advertising campaigns, the District contracts with a media buying agency to help plan, place, and negotiate rates for advertising placement. This includes, but is not limited to, print ads, digital ads, billboards, radio spots, television spots, and paid search campaigns. This is an essential service for the District's Marketing Staff as the research, documentation, reporting, and support received from the third party provider significantly exceeds in-house capabilities.

Since the 2013/14 Fiscal Year, the IVGID Marketing Department has utilized Incline Village-based media buying agency EXL Media for the District's media buying services. This stretch follows the one-year period (Fiscal Year 2012/13) in which the District utilized another agency for media buying, ultimately returning to EXL Media after being unsatisfied with the other agency's services and results.

At the May 23, 2018 Board meeting, the Board of Trustees authorized awarding the District's 2018/19 media buying services contract to EXL Media with a cost of \$419,500.

At the May 22, 2019 Board meeting, the Board of Trustees authorized awarding the District's 2019/20 media buying services contract to EXL Media with a cost of \$424,600.

To allow for proper planning and seamless execution of IVGID's advertising campaigns, we are requesting to execute the contract prior to the start of Fiscal 2020/21 so that District Staff and EXL Media have adequate time to plan for the 2020/21 Fiscal Year advertising placements. **No funds from this authorization will be spent before the 2020/21 Fiscal Year begins on July 1, 2020 and Staff to manage spending levels in accordance with District goals**

The proposed agreement for media buying services with EXL Media serves as a template for the District's advertising plans, but does not commit the District to any particular advertising spending amounts. In light of the impacts that the COVID-19

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pandemic continue to have on District venues, Staff will work with EXL Media to adjust advertising campaigns appropriately to align with District goals.

As an example of this flexibility, during Q3 and Q4 of the 2019/20 Fiscal Year, District Staff directed EXL Media to pause general advertising campaigns for Diamond Peak (only continuing with season pass campaigns) in mid-March due to the COVID-19 shutdown, resulting in a savings of \$10,869. District Staff also directed EXL Media to pause all golf advertising campaigns at the same time, resulting in an expected savings of \$23,584 (as of June 15) this fiscal year.

In total, the 2019/20 Fiscal Year savings vs. budgeted advertising spending for our recreation venues, due to the COVID-19 pandemic, include:

- Diamond Peak: \$10,869 savings
- Golf: \$23,584 savings
- Recreation Center: \$2,743 savings
- Tennis: \$1,371 savings
- Facilities: \$655 savings
- TOTAL SAVINGS: \$39,222 (14% of budgeted spending) versus total budgeted spending of: \$272,500

So while the EXL Media agreement places limits on the maximum dollar amounts that can be spent on paid advertising for the District's venues, there is still plenty of flexibility to spend less than those maximums should the situation warrant due to COVID-19 effects or other market conditions.

Predicting what advertising needs each District venue might have a full year ahead of time is almost impossible but Staff will continue to be diligent in adjusting spending levels to be in line with District goals and changing market conditions.

The proposed advertising budgets for the 2020/21 Fiscal Year (below) are already relatively conservative, and in alignment with the District's marketing goals of primarily ensuring our residents are well informed about the various recreational opportunities afforded to them by IVGID, and, secondarily, bringing in higher-yielding customers to fill in the excess capacity available at our venues.

For example, at Diamond Peak, our average Search Impression Share (i.e. the percentage of impressions our ads receive compared to the total number of

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impressions our ads are eligible to receive) was 10% during the 2019-20 ski season due to budgetary constraints. The District could spend an additional \$15,000 just in paid search advertising if we wanted to maximize our Search Impression Share. At the Golf Courses, our Search Impression Share has been about 50% for geotargeted campaigns and 10% for non-geotargeted campaigns, with approximately \$10,000 additional dollars needed in just paid search advertising if we wanted to maximize our Search Impression Share.

Despite the tremendous potential to spend more on paid advertising, we feel the budget presented below is appropriate for the District's goals, and provides the flexibility necessary to ensure each venue is marketed effectively.

IV. BID RESULTS

The District's media buying services contract went to bid before the 2019/20 Fiscal Year, with local agency EXL Media selected to continue providing media buying services to the District. A full recap of the bid results are included in the May 22, 2019 Board Memo authorizing the District to enter into an agreement with EXL Media during the 2019/20 Fiscal Year. (See pages 263 – 295 of the May 22, 2019 Board packet.) The 2020/21 Fiscal Year would be year two of an agreement with EXL Media since going to bid for this service.

EXL Media is an Incline Village, Nevada based firm and has over twenty-two years of experience successfully handling media buys for the District. EXL Media has vast knowledge of the competitive landscape of the Lake Tahoe recreation market. Through the bidding process, they were determined to be the best qualified and capable media agency to support the District in meeting its budget objectives and will provide the level of attention, detail, and reporting that is required to ensure successful media campaigns.

V. FINANCIAL IMPACT AND BUDGET

The budgets for the proposed media buying services contract is included in the Board-approved Fiscal Year 2020/21 Diamond Peak, Championship Course, Mountain Course, Facilities, Recreation Center and Tennis Center Operating Budgets allocated to Marketing.

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A total of \$425,700 is included in the proposed 2020/21 District Operating Budget for Media Buying Services.

The estimated media buying project budget is in the following table:

Description	2019/20 Budget	2020/21 Budget	Contract Amount
Cash Media	\$272,500	\$265,700	\$265,700
Trade Media	\$87,100	\$92,000	\$92,000
Agency Fees	\$65,000	\$68,000	\$68,000
Total	\$424,600	\$425,700	\$425,700

Year-over-year differences in the EXL Media budgets from 2019/20 to the proposed 2020/21 budget are as follows:

- 1. Total contract: + \$1,100**
 - a. Cash Media: (\$6,800)
 - i. Diamond Peak: no change
 - ii. Golf: (6,800)
 - iii. Facilities: no change
 - iv. Recreation Center: no change
 - v. Tennis Center: no change
 - b. Trade Media: + \$4,900 in golf trade
 - c. Agency Fees: + \$3,000

A breakdown of planned District venue costs for 2020/21 media buying is included in the following table:

Venue	Cash Media	Trade Media	Total
Diamond Peak	\$166,000	\$80,000	\$246,000
Golf	\$51,700	\$12,000	\$63,700
Facilities	\$32,000		\$32,000
Recreation	\$11,000		\$11,000
Tennis	\$5,000		\$5,000
Agency Fees	\$68,000		\$68,000
Total	\$333,700	\$92,000	\$425,700

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The Trade Media component is budgeted assuming up to \$92,000 in 1:1 retail value trade to cover various ad buys. One of the advantages to including a trade component in the contract is that the traded amount typically sees significant breakage (i.e. unredeemed value) relative to the actual redeemed amount.

V. ALTERNATIVE

Not authorize the proposed media buying agreement and direct Staff not to enter into a media buying agreement during the Fiscal Year 2020/21, understanding that doing so will leave the District's marketing plan for Fiscal Year 2020/21 vulnerable as the Media Buying Contract is a key component to the overall annual marketing plan.

Proposed Contract

**AGREEMENT FOR SERVICES
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND EXL MEDIA
CORPORATION**

THIS AGREEMENT (“Agreement”) is entered into between Incline Village General Improvement District, a political subdivision of the State of Nevada (hereinafter referred to as “District”), on the one hand; and EXL Media Corporation, a corporation (hereinafter referred to as “EXL”), on the other hand and is effective on July 1, 2020.

WITNESSETH

- a) District is the owner and operator under Special Use Permit of Diamond Peak Ski Resort, the Championship and Mountain Golf Courses, The Chateau and Aspen Grove, and the Recreation Center and Tennis Center in Incline Village, Nevada.
- b) EXL is a media buying and placement agency, located in Incline Village, Nevada, with experience in media services.
- c) District desires to retain the services of EXL to provide media services.

NOW THEREFORE, for valuable consideration, it is agreed as follows:

SECTION 1 - Agreement.

- (a) District hereby hires EXL to provide media services described herein (the “Media Services”), and EXL agrees to provide the Media Services to District. EXL will provide the Media Services to District within the timeline set between the IVGID Marketing Department and EXL. The IVGID General Manager or the IVGID Marketing Manager shall approve the final form of the Media Services for the ski resort, tennis, golf and facilities. No media services contracts will be finalized without the prior written approval by the General Manager or the IVGID Marketing Manager
- (b) District shall pay EXL a separate amount for each media service. The breakdown and total amount for the fiscal year of July 1, 2020 – June 30, 2021 is as follows:

Total contract: \$425,700 (\$333,700 cash plus \$92,000 trade value)

- Cash Media: \$265,700
 - Diamond Peak: \$166,000
 - Golf: \$51,700
 - Facilities: \$32,000
 - Recreation Center: \$11,000

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- Tennis Center: \$5,000
- Trade Media: \$92,000
 - Diamond Peak: \$80,000
 - Golf: \$12,000
- Agency Fees: \$68,000

Cash and trade budgets cover funds for media purchases from third parties. When trade is issued to a third party, IVGID services and products will be taken at full rack rate. EXL doesn't have any autonomy in discounting IVGID's services and products. Trade is to be used when possible in exchange for cash to help contribute to the overall value of the media buy.

In case additional needs arise, District will pay EXL an additional fee as agreed by both parties prior to executing the additional project. The amount will be separated in individual invoices for different District recreational facilities and shall be due upon EXL's delivery and District's acceptance of the finished Media Services. EXL will charge a fee of \$125 per hour for the development of each media plan. This fee will not surpass 40 hours or \$5,000 for each campaign and will only be charged if the media plan is not placed.

- (c) The individual obligations of District and EXL in performing this Agreement are set forth below.

SECTION 2 - EXL's Obligations.

- (a) EXL will provide District with a selection of Media Services for use by District recreational facilities for the July 1, 2020 - June 30, 2021 fiscal year. The Media Services will include, but are not limited to, at least the following:
- 1) Radio
 - 2) Outdoor
 - 3) Television/Cable
 - 4) Digital/Internet/Mobile
 - 5) Print
 - 6) Promotions
 - 7) Specialty Media
 - 8) Outdoor Production Coordination

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9) Advertising Performance Analytics & Tracking

- (b) EXL shall consult with District to provide District the opportunity for input on the selected Media Services. District will have final approval on all media buying and placement, and District's Marketing Manager shall sign off on all media buying budgets and plans before any placements are made on District's behalf. Media buying budgets and plans shall be evaluated and potentially adjusted at least quarterly, with District's Marketing Manager signing off on any changes.
- (c) EXL shall not exceed the total amount budgeted for media for the services described above and will not incur any costs above and beyond set budget unless additional costs are authorized by District in writing.
- (d) EXL will consider performing additional projects from the District not stated in this contract on as-needed basis and will provide estimates for each project prior to execution.
- (e) EXL will provide copies of original invoices from third party vendors attached to EXL invoice.
- (f) EXL will pay all invoices from media/vendors on behalf of District within thirty (30) days of receipt of payment from District for the same invoices. EXL agrees that any and all media/vendors shall look to EXL for payment upon proof of payment by District to EXL for invoices in question.
- (g) EXL will coordinate with and provide creative agencies selected by District Marketing Department with all creative deadlines and make sure media deadlines are met.
- (h) NonDisclosure Obligations. EXL acknowledges and agrees that during its performance under this Agreement, it may learn of, be exposed to or come into possession of certain "Confidential Information." Confidential Information is defined as information developed or owned by District or entrusted to District by others. Confidential Information includes, but is not limited to, financial information, business strategy, marketing calendars, inventory levels and best sellers, partnerships, and customer contact information. EXL agrees that it will not, directly or indirectly, (i) use such Confidential Information except as required in the normal and proper course of performing the Services defined in this Agreement or other obligations as contemplated hereunder; (ii) disclose such Confidential Information to any other person, corporation or entity; or (iii) allow a third party access to such

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Confidential Information (except as otherwise may be required by law) without, in each case, obtaining the prior written approval of District. EXL agrees to protect all information including, but not limited to documents, electronic records, tapes and other media in which the Confidential Information is contained (the "Confidential Documents"). EXL further acknowledges and agrees that the Confidential Documents are, and shall remain, the sole and exclusive property of District. EXL shall not copy any Confidential Documents or remove any Confidential Documents, or copies thereof, from District premises, except as required by the normal and proper course of performing the services or other obligations hereunder. EXL agrees to return to District promptly upon request any and all property of District, including but not limited to the Confidential Documents and copies thereof, in EXL's possession or control.

SECTION 3 - District's Obligations.

- (a) District will provide EXL with customer research and will assist with information and strategy to complete media services.
- (b) District reserves the right to modify, reject, cancel or stop any and all plans, schedules or work in progress, and in such event, EXL shall immediately take proper steps to carry out District's instructions. In turn, District agrees to assume liability for all such commitments and to pay EXL, in accordance with the provisions of this agreement, any and all proper charges earned and incurred by EXL in connection with such work up to the time of its discontinuance, cancellation or modification. District agrees to indemnify, defend and hold harmless EXL for any claim or liability incurred by EXL under any agreement entered into by EXL for the benefit of District and which is modified by the District and pursuant to the terms hereof. IVGID understands that outdoor contracts are non-cancelable once approved. The agency fee is based upon an hourly rate and if the contract is cancelled by IVGID, the agency fee will be reduced based on the amount of time spent at an hourly rate \$125 as documented by EXL Media.
- (c) District will pay EXL for the Media Services as set forth in Section 1(b) above.

SECTION 4 - Relationship and Responsibility.

- (a) This Agreement is for the provision of services, and is limited to the services described herein. District and EXL agree that EXL is an independent

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contractor providing services to District, and neither EXL nor any employee or agent hired by EXL is or shall be considered an employee or agent of District.

- (b) EXL shall be responsible for all required licenses and permits for the services as specified. EXL shall be solely responsible for all agents and employees used by EXL and for all matters relating thereto, including payment for services.
- (c) EXL shall defend, indemnify and hold District harmless from any and all matters relating to or arising from the performance of the services described herein, and from any claims against District by any agents or employees of EXL, except those claims which are determined to be the direct result of separate and independent negligence by District or its employees.
- (d) This Agreement is cancelable upon sixty (60) days' notice by either party. In such event, District shall only pay EXL for media services actually performed and completed. This agreement is for a time period of one (1) year and may be renewed upon agreement.
- (e) District agrees to indemnify, defend and hold EXL harmless against any loss and expense, including reasonable attorney's fees and court costs incurred as the result of any claim, suit or proceeding made or brought based upon the content of any advertising material prepared or placed for District by EXL, notwithstanding the fact that any such material may have been approved by District. District will have the right to defend or settle any such claim, suit, or proceeding at its own expense. District's obligation to indemnify EXL shall include any claims by third parties based upon trademark, copyright or other infringements of intellectual property rights.
- (f) EXL agrees to indemnify, defend and hold the District, its officers, directors, employees and representatives harmless, against any loss, damage, claim or expense in connection with or arising out of the breach or negligence or fault of EXL pursuant to the performance of services under this agreement or as a result of EXL's representations to third parties contrary to the scope of EXL's responsibilities hereunder.

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SECTION 5. Miscellaneous.

- (a) This Agreement is entered into and shall be performed in Washoe County, Nevada, and venue for any action arising from this Agreement shall be limited to Washoe County, Nevada.
- (b) This Agreement and the rights and obligations of the parties hereunder may not be assigned by either party without the express prior written consent of the other party.
- (c) No provision of this agreement shall be deemed a waiver of District's sovereign immunity beyond that presently provided by Nevada law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth opposite each signature below.

EXL MEDIA CORPORATION

By: _____ Date _____
Name: Wendy Hummer
Title: President

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By: _____ Date _____
Name: Indra Winquest
Title: Interim District General Manager

Reviewed as to form:

By: _____ Date _____
Name: Jason D. Guinasso
Title: District General Counsel