



# FINANCIAL POLICY BRIEF TO THE MBNHA



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**TO:** The Monterey Bay National Heritage Area Management Team: Bill Kampe, Mike Dawson, & Rick Hanks

**FROM:** Middlebury Institute of International Studies Consultants: Patricia Akers, Deanna Burns, Damien Lazzari, Flynn Pollard, & Chelsea Sebetich

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**SUBJECT:** Marketing Campaign Budget for MBNHA

## **I - Executive Summary**

This report provides an overview of our work with the Monterey Bay National Heritage Area management team, and seeks to delve into key research findings and recommendations regarding the development of branding and financial planning processes for the organization. Methodology included interviews with MBNHA management, research into other NHA proposals and feasibility studies, and research into the costs of key marketing materials, tools, and events in the Monterey Bay area. While much of this work was done solely by those of us at the Middlebury Institute, a presentation and collaborative session with the MBNHA management team was prepared and given as a part of our process of research and development for this project.

The report finds that, while much work has been done by this organization to get their plans in motion, many challenges still remain on their path to making the National Heritage Area an actionable development in the region. Among these challenges, which are more fully elaborated below, are a lack of financial planning, branding, and outreach on the part of the organization, each of which are key requirements and stepping stones on the way to achieving National Heritage status.

Research to be discussed includes a short profile of the work and histories of key MBNHA management team members, where MBNHA stands in its application for NHA status, and what possibilities are available for marketing development to meet these aims.

This report also includes a basic marketing budget and recommendations for planning processes for MBNHA as they work through their application for National Heritage status and begin to create partnerships for this undertaking.

## **Background:**

### *Key Players and Constituents*

In 2008, Bill Kampe, Mike Dawson, and Rick Hanks set out to bring sustainable tourism, or, in their own words, “the right kind of tourists for longer periods of time,” to the Monterey Bay Area, which includes the areas of Monterey, San Benito, and Santa Cruz counties. Bill Kampe, who has served as Mayor of Pacific Grove, CA since 2008, specializes in public administration. Before beginning his stint in public service in Pacific Grove, Mr. Kampe spent 35 years working for the Hewlett-Packard Company in Silicon Valley. Mike Dawson is a seasoned professional with years spent working as a rocket scientist for RAE Chem Systems in Silicon Valley. Rick Hanks is an archaeologist who spent time teaching at various universities, and has 40 years’ experience in public administration, where he worked at the Bureau of Land Management. Today, still focused on sustainable tourism, Bill Kampe, Mike Dawson, and Rick Hanks lead the way towards the formation of the Monterey Bay National Heritage Area (MBNHA).<sup>1</sup>

Kampe, Dawson, and Hanks have found that the idea of more tourism does not necessarily resonate well with the people of the greater tri-county community, many of whom already feel like the area is over-trafficked by tourists and do not see the benefits of adding more. However, while tourism alone is not a huge draw for some, the idea of “heritage”, as a concept of preservation and appreciation embedded in economic development, is much more attractive. Simply put, people in the tri-county area are proud of their history, natural resources, and what the community has to offer to residents living and working in the Monterey Bay. Kampe, Dawson, and Hanks are not promoting “more tourists,” but rather the “right tourists” who will, “stay longer, spend more, take better care of the area, add value to the area, and will return.” They seek to break down the stigma associated with National Heritage Areas (NHA) and increased governmental control, ultimately securing support from a broader base of locals to the Monterey Bay.<sup>2</sup>

MBNHA is a forming nonprofit that is awaiting approval of its 501(c)3 title. MBNHA’s mission is to preserve and promote the Monterey Bay’s culture, history, and natural resources of unique national significance. Currently, MBNHA is in the process of creating a feasibility study to present to Congress for determining whether or not MBNHA meets NHA standards.

### *Criteria for National Heritage*

Though NHAs are managed by the Secretary of the Interior and the United States National Park Service, the US Congress makes the ultimate decision about which areas eventually receive status and recognition as areas of national heritage and import. To receive this status, proposed regions must be determined to be of some kind of historical, cultural, or natural importance to the

United States. There must be involvement from state agencies, historic sites, local nonprofits, and interested citizens, all of whom have come together to support and preserve their region as an NHA. This support must be verified and corroborated during the application process. There must be patterns of human activity shaped by geography and must comply with the National Environmental Policy Act.

Of most relevance to the task at hand for MBNHA, is meeting the ten criteria that Congress considers when designating NHAs.<sup>3</sup> If the ten criteria are met and Congress accepts MBNHA as an NHA, the federal government will fund \$200,000 annually for the first three years of its establishment. From that point forward, MBNHA would be required to be self-sufficient in terms of funding<sup>4</sup>.

## **II - Key Findings**

### *Feasibility*

We initially began our journey with the MBNHA by reviewing their current feasibility study and comparing it with two others, for the proposed Kentucky Lincoln<sup>4</sup> Chattahoochee Trace NHAs<sup>5</sup>. These two studies were identified by the National Park Service as examples of what an excellent study should and should not look like in application. The task of getting the MBNHA feasibility study up to par is a huge undertaking, but by doing in-depth research and identifying strengths and weaknesses within the studies, we were able compile relevant information for comparison to the current work done by MBNHA, and narrow down our scope of work to something manageable for our team to deliver. Ultimately, of course, our work was to be focused on finance; however, in order to arrive at that point, it was necessary that we first review the full scope of activates for MBNHA, assessing key objectives and challenges, to understand their work.

The first step in the NHA feasibility study guidelines outlined by The National Park Service<sup>6</sup> is to highlight the natural, historic, or cultural resources that an area has that represent distinctive aspects of American heritage worthy of conservation. The current MBNHA study has a strong standing in this area, noting places like the Salinas Valley, the Elkhorn Slough and Fort Ord, each with a wide range of significance both historically and naturally.

The next few steps in the guideline focus on conservation of natural, cultural, and historic features as well as reflection of tradition, customs, and beliefs unique to the area. The MBNHA study<sup>7</sup> includes a section on historic resources that discusses the area dating back to the 1500s and covers topics that span from the first European discovery of Monterey, to colonization, to the Mexican-American War. In this section there is also mention of historic buildings such as the Customs House, as well as the many Spanish missions that dot the area.

Two important components of the guideline are the proposed management entity and units of government supporting the designation of the NHA who are committed to working in partnership, and the management entity proposed to implement the project. The current plan for management entity discusses that the development has been highly inclusive and is reliant on interested individuals representing groups throughout the region, and references structures on existing heritage areas. There is an outline of what the “ideal management entity” should look like, including how the board of directors, advisory panel, and partnerships will be comprised. However, this outline fails to name specific people, units of government or partners to be involved. Another, as of yet unmet, requirement is the conceptual boundary map, which MBNHA has not completed. Included in the current proposal is a proposed boundary in text form, but lacks a visual map.

### *MBNHA Management Team Presentation/Collaborative Session*

In order to move forward with our endeavors, our finance function team hosted a collaborative session in the DLC that members of the MBNHA management team were invited to attend. During this session, an interactive presentation was given on behalf of our group. This presentation summarized the knowledge gained throughout our feasibility study research process, included recommendations to the organization, as well as points of inquiry for the MBNHA management team in order to fill the gaps in our understanding of where they currently stand. The other primary goal of the presentation was our group’s proposal to construct a financial diagnostic tool in the form of a marketing campaign budget.

The series of topics discussed with the MBNHA management team during the session includes the following:

- Initial formation of the MBNHA
- The added value that attracting more of “the right kind of tourism” would bring to the area
- Speculation over how much benefit a 3% rise in tourism (what MBNHA expects to achieve) would yield for the area
- Bringing attention to what regional environmental protections already exist (6 county parks, 14 state parks, 1 national park, 2 national monuments, 1 wilderness area, and one marine sanctuary) and discussing what added value the MBNHA could bring
- Evaluation of level of local resistance to the proposed MBNHA; what groups are resistant and why (some rural citizens wary of government interference do not like the idea of the MBNHA, as well as those who believe it would bring so much tourism that it would lead to the degradation of the area itself)
- Clarification of square mileage/mapping of the proposed MBNHA region
- Inquiry into whether or not the MBNHA has acquired 501(c)3 status (they have applied but are still awaiting approval)

- Questioning over their “place holder” budget (essentially they came up with a template budget with estimated costs based upon organizations in Santa Cruz and Arizona that they felt were on par with and doing similar work as the MBNHA management team)
- Our proposed offer of a marketing campaign budget for the MBNHA management team; we pitched it as an organizational priority, and went on to discuss the time frame it would cover, goals of the financial diagnostic tool, the need for increase of exposure, and branding through utilization of social media (the management team agreed that this would be extremely useful to them and were glad to accept our offer to construct a marketing campaign budget)
- We ended our session with a series of recommendations for the MBNHA (a refined version of these recommendations is listed later in this report):
  - Focusing more on highlighting the area’s “national significance” in the MBNHA proposal (this is one of the required criteria for NHA qualification, and based on our research into other areas’ feasibility studies, it is a particularly difficult criterion to receive approval on)
  - Formulate a 3-year plan (currently this is not something that the MBNHA management team has, but it is a requirement for the feasibility study)
  - Create a clear and organized theme table within the feasibility study
  - Consolidate a defined space for the NHA; create a boundary map (many places endeavoring to become NHAs receive criticism if the proposed areas aren’t consolidated enough)
  - Construct an education programming budget in order to sponsor activities and other outlets for creating awareness, gaining support and momentum towards their cause
  - Construct a resource budget that identifies different funding sources such as federal, state, and local grants; this is essential in order to maintain financial accountability within the organization
  - Investigate the requirements of an environmental assessment and seek guidance as to whether or not you have the resources to complete such an assessment (it can be costly); this is necessary because if in fact they are successful in their MBNHA proposal, an environmental assessment is the next required step for becoming an official NHA

Overall, our team considered the session to be a success - not only were our recommendations and offer to construct a marketing campaign budget received very well by the MBNHA management team, but so were the questions we had for the organization. The commentary and feedback we received from them was illuminating and helped to guide us through the rest of our project.

## *Financial Planning*

Our specific area of interest for this assignment has been focused on the financial plan. The guideline states “residents, business interests, non-profit organizations, and governments within the proposed area are involved in the planning, have developed a conceptual financial plan that outlines the roles for all participants including the federal government, and have demonstrated support for the designation of the area.”<sup>6</sup>.

The MBNHA plan has a vague draft that includes a variety of income sources. Establishing earned income sources is an initial plan of the members, but there is not an action plan put in place or fully-devised. For example, there is no developed timeline or list of strategic objectives for implementation, and, as of yet, much of the work appears to have been in fleshing out the *idea* of a heritage area, and justifying it within the feasibility study.

There is not anything included in the plan that states the inclusion of residents, business interests, non-profit organizations, or governments specifically, but it does mention the region’s volunteer spirit and its citizens, who are well-known for caring about the environment and are active in many of the region’s various nonprofits.

The largest portion of income expected is through grants, bequests, endowments and donations, but there are no examples of available grants, etc. The financial plan uses the Sunset Center as an example of witnessing huge donations that MBNHA expects to receive, but the Sunset Center isn’t a comparable project. A national heritage area is land that has been identified for conservation and the Sunset Center is a performing arts center.

Another hopeful main stream of income is memberships to the MBNHA broken down in categories of individual, student, family and corporate. Research has not been done to determine the interest level of membership, nor has a price point been set.

The last, and possibly most important finding in the financial plan is that it does not include budgets, the essence of what financial planning is, apart from an example operating budget which was not generated from their own real figures. The lack of financial planning was noted during our meeting with the three MBNHA officials, but has not yet been addressed by the organization.

### **III - Conclusions and Recommendations:**

#### *Remarks on Problem Dimensions*

For the organizations working to bring the proposed National Heritage Area in Monterey County to life, the benefits are clear. The National Heritage Area brand is one that generates tourism dollars (get source on economic value of NHA status), helps to protect key resources and historical sites, and serves as a marker of pride for regions that carry the name. However, achieving this status is challenging. Regions must meet a number of historical, cultural, and/or environmental criteria and must be able to maintain support from a wide base of local entities which can supply funds and effort towards the establishment and protection of the region as a Heritage Area. Our work and research sought to yield some basic results which can serve to aid the proposed Monterey County National Heritage Area in its establishment with regards to local support and funding.

With this in mind, we have formulated a marketing budget focused on funds and awareness-raising within the communities of Monterey and the surrounding areas. This budget is the key product of our work for the MBNHA management team, however it is not the only takeaway we have from doing this project. While implementation of this budget, and possibly several others, in order to kick-start the process of financial planning and effective management is key, the MBNHA faces a number of challenges that we were able to see during our time researching their situation.

#### *Recommendations*

What follows is a bullet-point list of our recommendations, all of which can be related to financial accountability, planning, and management, and will, we hope, serve to improve the assessment and strategic planning of the MBNHA management team.

1. Begin working on a strategic plan for outreach, partnership building, and community awareness
2. Develop an operating list of individuals and organizations that could be brought in to the project to serve as a collective governing body of the NHA
3. Establish a list of key income sources and potential income sources
4. Begin working on receiving grant funding by getting a broad picture of what local and national organizations have been used to fund NHAs in the past, as well as what organizations in the Monterey Bay area may be able to supply funding
5. Fully explore the “membership” possibility that has been outlined in previous planning to assess feasibility and potential for MBNHA membership programs as a source of income



6. Research and create budgets for education, outreach, and marketing
7. Use financial planning and income sources to develop a strong brand in order to gain support in the community and break down barriers of negative perception related to government involvement and tourism
  - a. Branding efforts could include the use of social media, fundraising events, a fully-developed website, brochures, informational materials, and local advertising

#### **IV – Scope of the Project (Recommendation 7 Magnified):**

##### *Budget Research Process*

In order for a proposed NHA to be approved by Congress, the presiding body must have a sustained marketing presence with access to community stakeholders and potential markets. These days, this kind of marketing will have to include social media. Since the MBNHA does not currently have a detailed marketing budget or a web and social media presence, it became crucial for our group to begin working on these foundational parts of NHA creation. With this in mind, we gathered key data on costs of particular services and materials for marketing in Monterey. This included research into a number of businesses which provide support services and products that can be used in marketing to generate a rough idea of the total costs of a multidimensional marketing plan.

Beyond looking into the use of resources such as local advertising, brochures, and postcards, our team also created a rough estimate of the cost of a marketing event to interface directly with local stakeholders who could act in support of the NHA. The cost of this event was estimated using past experience within our team related to event planning and catering.

##### *One Year Marketing Goals*

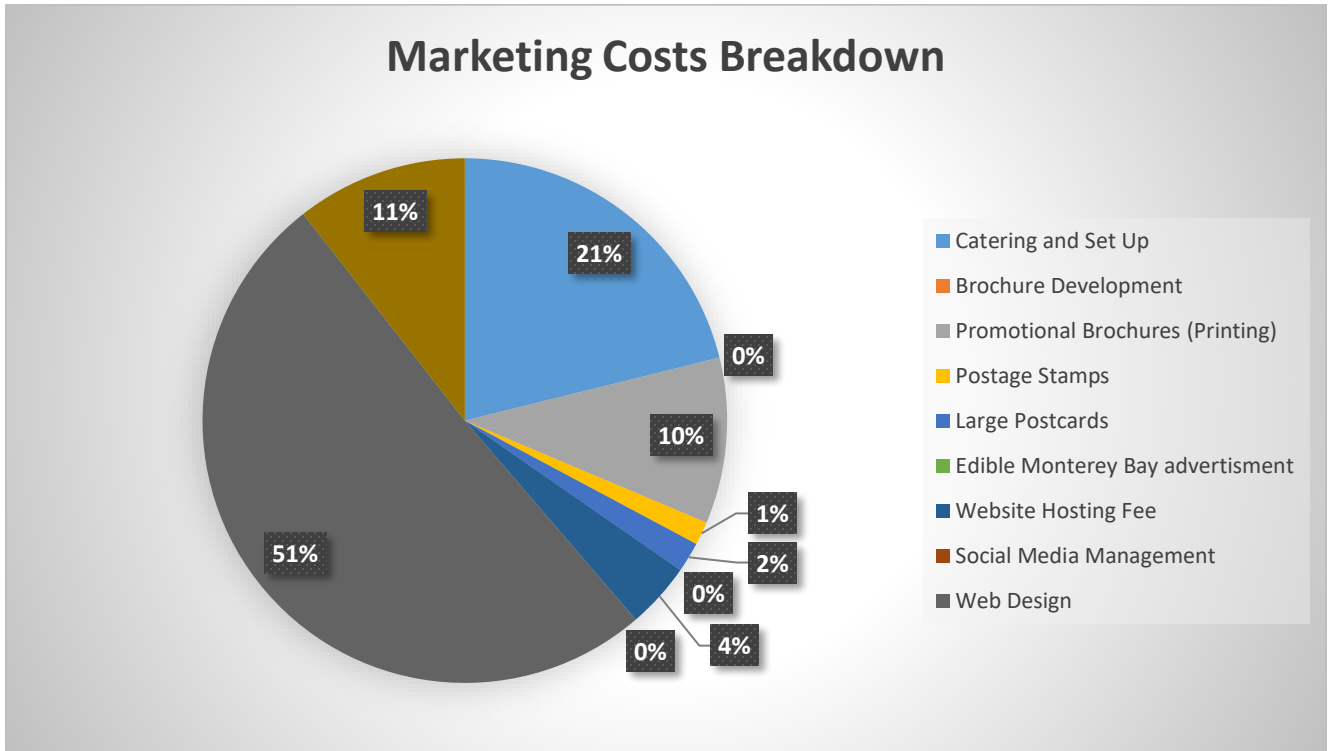
The expected results of the implementation of the one-year marketing campaign budget include the following metrics with the purpose of increasing exposure and breaking down negative stigma associated with NHA status:

- MBNHA will have over 250 followers on Facebook.
- MBNHA will be featured in at least two articles in the tri-county magazine “Edible Monterey Bay”.
- MBNHA will attract 20 more organizations that want to participate in the MBNHA.
- MBNHA will develop and maintain a permanent mailing list of 100 people.

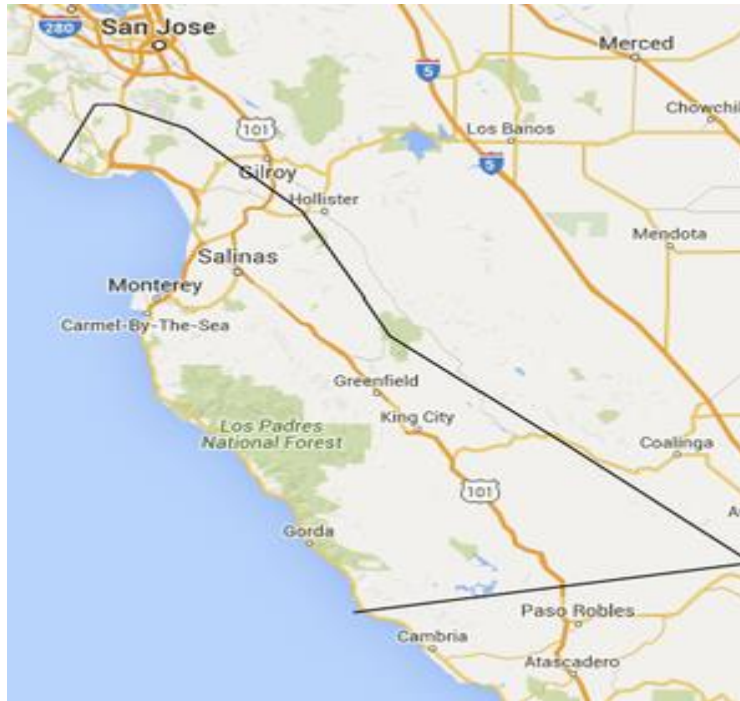
- MBNHA will build vast and long term community support by having a community event with 100 people and will receive over \$1000 in donations.

**Annex:**

1. MBNHA Marketing Budget Breakdown



2. MBNHA Marketing Budget with aligned goals (see attached excel file)
3. Map of the proposed tri-county area. It is the area outlined by the black line that touches the Pacific Ocean.



### References:

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