



## **CITY COUNCIL AGENDA REPORT**

**MEETING DATE:** 12/3/2024

**DEPARTMENT:** City Manager

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### **SUBJECT:**

CONSIDERATION OF TENTH FUNDING PHASE FOR THE CITY'S SHOP & DINE COMMUNITY GIFT CARD PROGRAM WITH YIFTEE, INC.

### **RECOMMENDED ACTION(S):**

1. That the City Council authorize the City Manager to enter into the attached BOGO Campaign Quickstart Agreement with Yiftee, Inc. and solely include the \$50 and \$100 gift card options with a limit of one gift card per purchaser for the Shop & Dine Community Gift Card Program.
  2. Adopt a Resolution Entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA, AMENDING THE 2023-2025 OPERATING BUDGET; AMENDING APPROPRIATIONS FOR FISCAL YEAR 2024-25.
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### **EXECUTIVE SUMMARY:**

On October 4, 2022, the City formally authorized the Shop & Dine Community Gift Card Program ("CGCP"). The CGCP provides residents and visitors with an opportunity to buy community gift cards in increments of \$50 or \$100 and receive a matching gift card of the same value for free. The gift cards can only be used at Lake Forest businesses that apply for and receive approval to participate in the program.

The CGCP is the first major program funded in response to City Council's approval of the Strategic Economic Investment Project ("SEIP"). The SEIP established a budget for economic development programs to help local businesses recover from the COVID-19 pandemic. The CGCP was originally approved with a \$575,000 budget, which included \$500,000 in funds to cover the costs of providing the free bonus gift cards. The City is party to the Community Card Customer Agreement with Yiftee, Inc. ("Yiftee") for the provision of electronic cards (Attachment 1).

The City Council has approved nine funding phases of the CGCP so far. Phases two through nine have included a \$565,000 budget. Staff recommends the City Council approve the proposed tenth SEIP budget allocation to the CGCP in the amount of \$565,000. To effectuate the tenth funding phase, staff recommends

the City Council authorize the City Manager to enter into the attached BOGO Campaign Quickstart Agreement with Yiftee (Attachment 2). A draft resolution authorizing the budget appropriation of \$565,000 to cover the costs of the tenth funding phase of the CGCP is also provided for City Council review (Attachment 3).

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## **BACKGROUND:**

On October 4, 2022, the City formally authorized the City's CGCP. The CGCP provides residents and visitors with an opportunity to buy community gift cards in increments of \$50 or \$100 and receive a matching gift card of the same value for free. The gift cards can only be used at Lake Forest businesses that apply for and receive approval to participate in the program. The SEIP established a budget for economic development programs to help local businesses recover from the COVID-19 pandemic. The CGCP was approved with a \$575,000 budget, which includes \$500,000 in funds to cover the costs of providing the free bonus gift cards and \$65,000 to cover the costs of the fees associated with card issuance. Table 1 below summarizes the funding phases that have been approved by the City Council since October 2022.

*Table 1: BOGO Funding Phase Summary*

<b>Phase</b>	<b>Approval Date</b>	<b>Funding Amount</b>	<b>Summary</b>
Phase 1	10/4/2022	\$575,000	Initial program launch. Launch included three funding rounds, with marketing prioritized towards Lake Forest residents. Funding amount included a \$10,000 contract with the Lake Forest Chamber of Commerce to assist with business recruitment.
Phase 2	2/21/2023	\$565,000	Second phase of CGCP. Program was advertised broadly to the public. Staff and HdL instituted a new vendor agreement system and established new program guidelines to enhance the integrity of the program. \$25 gift card increment was removed to mitigate fee costs.
Phase 3	8/15/2023	\$565,000	Third phase of funding. Marketed broadly to the public.
Phase 4	10/17/2023	\$565,000	Fourth phase of funding. Marketed broadly to the public.
Phase 5	11/21/2023	\$565,000	Fifth phase of funding.

			Marketed broadly to the public.
Phase 6	1/16/2024	\$565,000	Sixth phase of funding. Marketed broadly to the public.
Phase 7	3/5/2024	\$565,000	Seventh phase of funding. Marketed broadly to the public.
Phase 8	5/21/2024	\$565,000	Eighth phase of funding. Marketed broadly to the public.
Phase 9	11/5/2024	\$565,000	Ninth phase of CGCP. Program was advertised broadly to the public. Limited number of BOGO purchases to one card per purchaser.

Pursuant to the CGCP, residents and visitors can buy gift cards in increments of \$50 or \$100. The gift cards are delivered electronically and can be used at any of the 126 participating Lake Forest businesses. The City covers the cost of the bonus card, plus the fees associated with card issuance. Table 2 below provides a breakdown of fees related to gift card issuance.

*Table 2: BOGO Fees Paid to Yiftee*

<b>Fee Type</b>	<b>Per Card Fee Amount</b>
Fee for Issuance of Original Gift Card	\$1, plus 5% of card value
Fee for Issuance of BOGO Gift Card	\$1

On October 22, the Audit Committee held its quarterly meeting. The Committee expressed its support for continued funding for the CGCP.

## **DISCUSSION:**

To establish a tenth funding phase, staff have prepared the necessary contract documents for City Council consideration. Staff propose the City Council authorize the City Manager to enter into the attached BOGO Campaign Quickstart Agreement with Yiftee (Attachment 2). In addition, staff propose the City Council allocate SEIP funds to support the costs of the new funding phase. A budget resolution authorizing \$565,000 toward the tenth funding phase of the CGCP is attached for City Council consideration (Attachment 3). The attached BOGO Campaign Quickstart Agreement with Yiftee includes the provision of gift cards in increments of \$50 and \$100 with a one-card maximum purchase cap. These are the same card increments and purchase limits used for the ninth phase of CGCP funding. The City's SEIP funding categories include sufficient funding to support a tenth phase of funding for the CGCP.

The City Attorney's Office has reviewed and approved the attached BOGO Campaign Quickstart Agreement with Yiftee as to form (Attachment 2). If the City

Council directs the City Manager to enter into this agreement, the City Council will also need to consider the attached budget resolution, which would appropriate \$565,000 from the City's General Fund to cover the costs of the additional funding phase (Attachment 3).

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**FISCAL IMPACT:**

Authorizing the attached Resolution would appropriate \$565,000 to the City's General Fund in the 2023-2025 Operating Budget to cover the costs of the proposed BOGO Campaign Quickstart Agreement with Yiftee, Inc.

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**ATTACHMENTS:**

1. Customer Card Agreement with Yiftee, Inc.
2. Proposed BOGO Campaign Quickstart Agreement with Yiftee, Inc.
3. Proposed Resolution Appropriating \$565,000 for Community Gift Card Program

Initiated By: Adrian Grijalva, Economic Development/Housing Manager  
Submitted By: Keith Neves, Assistant City Manager  
Approved By: Debra Rose, City Manager