



**CITY OF SALINAS
CITY COUNCIL STAFF REPORT**

DATE: MARCH 24, 2026
DEPARTMENT: ADMINISTRATION
FROM: LISA MURPHY, ASSISTANT CITY MANAGER
TITLE: SALINAS VALLEY TOURISM & VISITORS BUREAU LEASE & OPERATING AGREEMENTS

RECOMMENDED MOTION:

A motion to approve a resolution authorizing the City Manager to sign:

1. A Lease Agreement between the City of Salinas and the Salinas Valley Tourism & Visitors Bureau for the City-owned property located at 1A Station place; and
2. An Operating Agreement between the City of Salinas and the Salinas Valley Tourism & Visitors Bureau for the operations of the California Welcome Center.

EXECUTIVE SUMMARY:

The City has two agreements with the Salinas Valley Tourism and Visitors Bureau (SVTVB). The first agreement is a Lease Agreement for occupying the Historical Freight Building located at 1A Station Place and the second agreement is an Operating Agreement to operate as a California Welcome Center. The Lease Agreement expired July 1, 2025, and the Operating Agreement expired August 30, 2025.

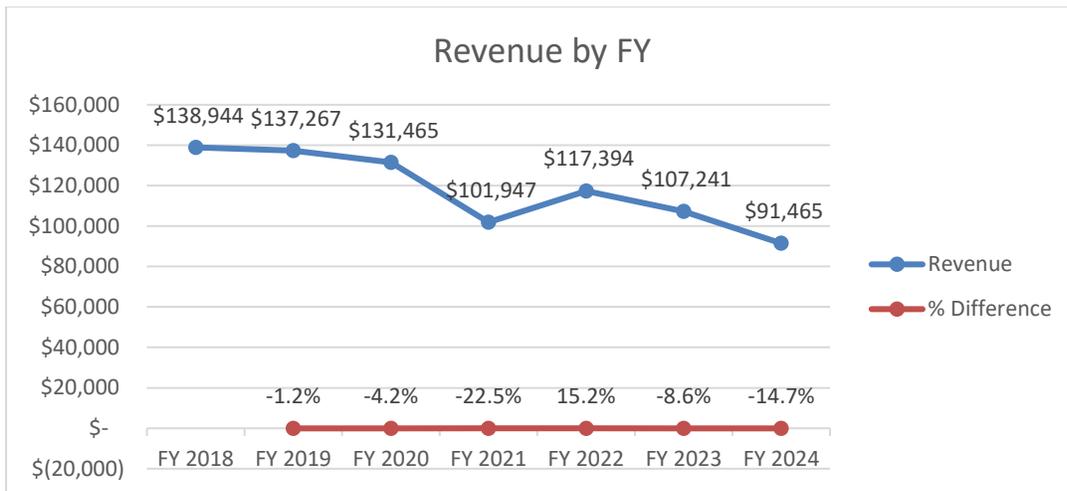
BACKGROUND:

The SVTVB, formed in 2008, is a non-profit, 501-C4 created to promote the region with a focus on the agricultural, recreational and cultural richness of the Salinas Valley. In 2013, the SVTVB was designated as a California Welcome Center (CWC). Originally located in the Westridge Shopping Center, the CWC moved to the Intermodal Transit Center, Freight Building in 2017. As a designated CWC, they promote tourism by providing directions, maps and suggestions on things to see and do in our area and statewide, distributing brochures and referrals to local attractions. They are actively marketing and promoting Salinas as a destination for Heritage Tourism. The CWC features exhibits reflecting the diverse local industry, historical destinations and a permanent display of the history and culture of the Monterey Bay and the Salinas Valley.

Operating Agreement:

Tourism Improvement Districts (TIDs) are special assessment districts authorized by the State that allow hospitality businesses to assess themselves to fund efforts to promote tourism within a particular region. In 2013, the Salinas Valley Tourism and Visitor’s Bureau (SVTVB) received approval from Visit California to establish a California Welcome Center within the City of Salinas. A four-way Memorandum of Understanding (MOU) between the City of Salinas, the Monterey County Convention and Visitor’s Bureau (MCCVB), the SVTVB, and the City of Monterey was developed in order to develop a stable funding source from money generated through the TID. The MOU established that the Welcome Center would receive \$0.50 per occupied room-night at any Salinas lodging facility, which has been used to fund operations at the Welcome Center.

When the City of Monterey disestablished the existing TID, the MOU was terminated. The City entered into its own Operating Agreement in 2019 with the SVTVB to operate as a California Welcome Center under the same funding agreement. The Welcome Center relies upon these funds to operate. Through the past several years, the amount of revenue collected through the TID has declined significantly from its inception as shown in the table below.



The SVTVB submitted a request to the City for additional funds to be able to continue operating the CWC and to expand its staffing and marketing programs in preparation for the eventual arrival of additional trains at the ITC and to increase the number of visitors to the area. The request is for \$200,000 for each year of the two-year agreement.

The request was considered by the Finance Committee at its March 17, 2026, meeting. The Finance Committee recommended the City Council authorize the additional funding for the Operational Agreement.

Lease Agreement:

In addition to the Operating Agreement, the City also has a Lease Agreement with SVTVB for the Southern Pacific Freight Building located at 1 Station Place. The Agreement began in 2017 with an optional two-year extension for a maximum of ten (10) years. The SVTVB requested a new lease agreement with a term of ten (10) years, with an option to renew it for an additional ten (10) years.

The SVTVB has also requested the rent be reduced from the current \$2,103.91 per month to \$1.00 per month. The requested is based on their non-profit status, as well as the City's current lease agreements with other non-profits such as the 1st Mayors House, the Armory Building (PAL), Friends of the Salinas Library, and Salinas Valley Model Railroad & Historical Society. The proposed Lease Agreements reflects that request.

Finally, they have also requested a rent waiver for the months of April 2025 through the time of the new lease agreement.

The lease request was also presented to the Finance Committee on March 17, 2026, where they approved recommending the requests to the City Council.

CEQA CONSIDERATION:

The City of Salinas has determined that the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Section 15301, Class 1) because the project proposes no change to existing use.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes, Government Code §84308/Levine Act applies to this item.

STRATEGIC PLAN INITIATIVE:

Approving the agreements supports the Councils Goal #1, Economic Development. The California Welcome Center promotes Salinas as a vibrant and historical destination. These efforts will elevate Salinas' profile as an ideal place to live, work and visit.

DEPARTMENTAL COORDINATION:

City Administration coordinated the work on the lease and the operating agreement with the City Attorney's office.

FISCAL AND SUSTAINABILITY IMPACT:

The fiscal impact for the new Lease Agreement, if approved as written would be:

Rent relief for FY25/26 in the amount of \$5,956.77

Rent relief for FY26/27 in the amount of \$25,246.92 and annually thereafter

The fiscal impact of the new Operating Agreement, if approved as written would be:

General Fund: \$200,000 per year of the two-year agreement.

TID Funds: \$95,000 (est.)

If approved, the funds will be allocated in the FY26/27 and the FY27/28 budget. Per the SVTVB, it is expected that over time, the impact to the General Fund would be offset by revenue from increased tourism, hotel stays and preparing the ITC for the pending rail service.

ATTACHMENTS:

1. Letter from SVTVB
2. Resolution
3. Lease Agreement
4. Operating Agreement