



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: AUGUST 9, 2022; AUGUST 23, 2022

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, DIRECTOR

THROUGH: LISA BRINTON, ASSISTANT DIRECTOR

BY: ANDREW MYRICK, SR ECONOMIC DEVELOPMENT MGR

TITLE: AGREEMENT WITH SALINAS VALLEY TOURISM AND VISITORS BUREAU FOR THE OPERATION OF A CALIFORNIA WELCOME CENTER

RECOMMENDED MOTION:

A motion to approve the attached Resolution authorizing the City Manager to execute an Agreement with the Salinas Valley Tourism and Visitors Bureau to operate a California Welcome Center in Salinas.

RECOMMENDATION:

It is recommended that Council approve the attached Resolution authorizing the City Manager to execute an Agreement with the Salinas Valley Tourism and Visitors Bureau.

EXECUTIVE SUMMARY:

Since June 2011 the City has entered into an Agreement with the Salinas Valley Tourism and Visitors Bureau (SVTVB) to financially support the operation of a California Welcome Center in Salinas. The California Welcome Center (CWC) is located in the Freight Building adjacent to the Salinas Train Station at the Intermodal Transportation Center. The City of Salinas collects \$1.50 per room night at lodging facilities in the City of Salinas in association with an existing Tourism Improvement District operated by the Monterey County Convention and Visitors Bureau (MCCVB). This staff report outlines the terms and conditions by which TID assessment retained by the City will be used to support the SVTVB's operation of the CWC and its activities to promote Salinas as a tourist destination and increase the number of room-night stays in the City. The total amount of compensation for services provided would not exceed the amount of assessment actually collected, minus one percent (1%) to cover the City's administrative costs. The 2022-2023 Budget estimates and appropriates assessment revenue of \$120,000 for this fiscal year. The SVTVB would invoice the City monthly and would be required to provide reporting and other documentation to enable the City to meet its reporting obligations to MCCVB regarding the use of the TID assessment funds. The term of this Agreement is July 1, 2022, to June 30, 2023.

BACKGROUND:

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. The City of Salinas collects \$1.50 per room night at lodging facilities in the City of Salinas in association with an existing TID operated by the Monterey County Convention and Visitors Bureau (MCCVB). Of this money, \$1.00 per room night is remitted to the MCCVB and the remaining \$0.50 per room night is retained by the City (Assessment). Assessment collected may be spent at the discretion of the City but must be used for the purpose of increasing the number of room-night stays within the City. The City is responsible for ensuring that the Assessment is spent appropriately, as well as tracking and reporting outcomes on the use of the Assessment to the MCCVB. Historically, this Assessment has been provided to the Salinas Valley Tourism and Visitors Bureau (SVTVB) to support their operation of a designated California Welcome Center in the City of Salinas at the Freight Building adjacent to the Salinas Train Station at the Intermodal Transportation Center. Under a separate Agreement, the SVTVB currently leases space from the City to house the CWC. The City currently receives \$1,836.80 per month for the use of the space.

DISCUSSION:

Since June 2011 the SVCVB has operated a California Welcome Center at the Freight Building. The California Welcome Center (CWC) provides visitors with information on local activities, sites of interest, and dining and lodging options in Salinas using promotional materials, brochures, and staff to answer questions. CWC activities further the TID goal of increasing room-night stays in Salinas. The purpose of this Agreement to provide for the City's contribution of Assessment toward CWC operations to further promote overnight stays at lodging facilities within the City of Salinas. The Agreement outlines the terms under which the City will financially support CWC operations. A summary of Agreement terms is provided below.

Term: July 1, 2022 to June 30, 2023

Services: The CWC will continue to operate seven (7) days per week. This requirement will be waived for any holidays recognized by the City or local or state lawful health order. The SVTVB is to provide documentation that includes, but is not limited to:

- a) the number of visitors to the CWC (on a daily basis),
- b) an itemized summary of marketing materials (whether presented electronically or on a physical medium such as paper or canvas) which provide information regarding potential lodging options within the City of Salinas,
- c) an itemized list of additional marketing materials used to attract visitors to the CWC or the Salinas area,
- d) a summary (when available) of how many printed materials were provided to visitors, the number of visitors to SVTVB's website, and
- e) any additional information which can be collected or derived from collected data using formulas or software commonly utilized and accepted throughout the industry.

SVTVB shall also meet and confer with the hotel operators within the City of Salinas not less than once per year to discuss opportunities for the CWC to increase the number of overnight stays within the City of Salinas.

Compensation: The total amount of compensation paid to SVTVB by the City shall not exceed the amount of Assessment actually collected, minus one percent (1%) to cover the City's administrative costs. The SVTVB will invoice the City \$10,000 per month for the term of the Agreement. Should remittances received, minus the 1% administrative fee, be less than the amount billed, options are provided to the City for the timing and amount of payment based on actual remittances. The funding source for this Agreement is the City's TID Assessment of \$.050 collected per room-night stay. The 2022-2023 Budget estimates and appropriates TID Assessment revenue of \$120,000 for the fiscal year.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action of approving this Agreement to use the City's TID assessment to fund CWC operations is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378) because the Agreement and use of TID assessment does not cause a direct or foreseeable indirect physical change on or in the environment. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

The promotion of tourism within the City of Salinas relates to the Council Goal of Economic Development. Increasing the room-night stays in the City leads to increased Transient Occupancy Tax revenue and Sales Tax revenue collected by the City. Visitors staying overnight tend to eat and shop locally, supporting local businesses to thrive and contributing to the community's economic health.

DEPARTMENTAL COORDINATION:

This Agreement was prepared by the Economic Development Division of the Community Development Department. Economic Development coordinated with the Finance Department and Legal in the preparation of this report and Agreement. The Finance Department collects the TID assessment, confirms fund balance available, and processes remittances. Legal has reviewed the Agreement. In addition, and the California Welcome Center has worked extensively with the Public Works Department with regards to its operations in the Freight Building.

FISCAL AND SUSTAINABILITY IMPACT:

There will be no impact to the General Fund. This Agreement will be fully funded from TID assessment collected and retained by the City between July 1, 2022, and June 30, 2023, minus 1% to cover administrative costs. The 2022-2023 Budget estimates and appropriates TID assessment revenue of \$120,000. Accounts for the collection of Assessment and payment to SVTVB are already established 8813.81.8141-57.8630 and 8813.81.8141-64.5400 respectively. Should

remittances received, minus the 1% administrative fee, be less than the monthly amount billed by SVTVB of \$10,000, options are provided to the City in the Agreement for the timing and amount of payment based on actual remittances.

ATTACHMENTS:

Proposed Resolution, including the following Exhibits:

Exhibit "A" – Proposed Agreement