



CITY OF SALINAS
FINANCE COMMITTEE STAFF REPORT

DATE: MARCH 17, 2026
DEPARTMENT: ADMINISTRATION
FROM: LISA MURPHY, ASSISTANT CITY MANAGER
TITLE: SALINAS VALLEY TOURISM & VISITORS BUREAU LEASE & OPERATING AGREEMENTS

RECOMMENDED MOTION:

Provide direction for the request from the Salinas Valley Tourism & Visitors Bureau for the following:

1. Lease Agreement: A term of ten (10) years; A rent reduction from \$2,103.91 a month to \$1.00 a month; and rent relief from April 2025 to the start of the new lease agreement; and
2. Operating Agreement: A term of two (2) years; Additional funding in the amount of \$200,000 for each year of the agreement; and continuation of the Tourism Improvement District funding.

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.

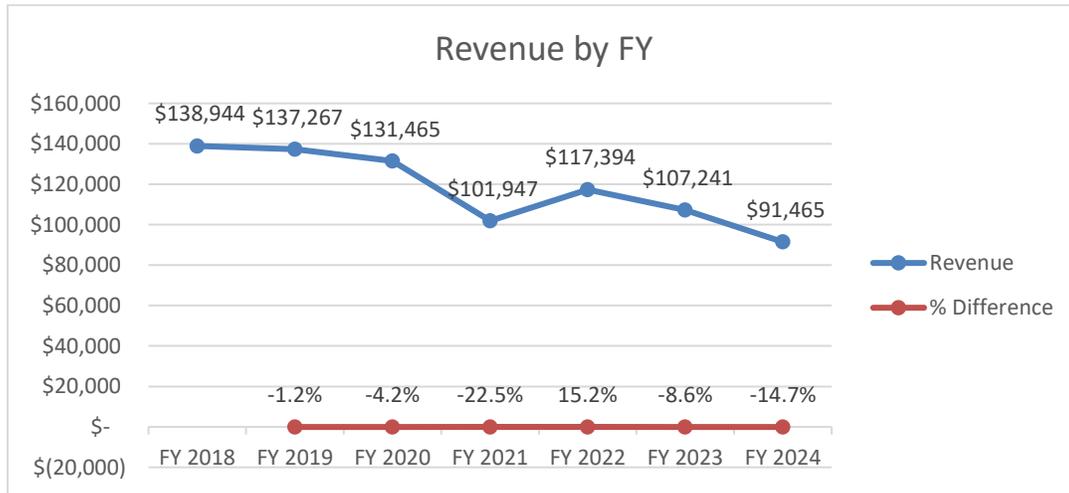
BACKGROUND:

The SVTVB, formed in 2008, is a non-profit, 501-C4 was 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 (ITC), Freight Building in 2017. As a designated CWC, they promote tourism by actively marketing and promoting the City of Salinas as a destination for Heritage Tourism, providing directions, maps and suggestions on things to see and do in our area and statewide, distributing brochures and referrals to local attractions. 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 from its inception as shown in the table below.



The SVTVB recently 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. Attached is the request from SVTVB for funding and the budget for how they will utilize the funds.

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.

Finally, they have also requested a rent waiver for the months of April 2025 through the time of the new lease agreement and propose paying \$1.00 a month for the same time frame.

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.

FISCAL AND SUSTAINABILITY IMPACT:

The fiscal impact of the lease agreement, if approved as written, would be a reduction in general fund revenue of \$25,246.92 per year (or \$50,943 for two years). The fiscal impact of the new Operating Agreement will be an additional \$200,000 per year of the two-year agreement or \$400,000 total. Thereby, the impact on the General Fund would be \$450,000 over two years. However, it is expected that over time, this would be offset by increased revenue from increased tourism, hotel stays and preparing the ITC for the pending rail service.

If approved, in total, the SVTVB would receive annually:

\$95,000 (est) TID Funds (currently being provided, no impact on the General Fund)

\$200,000 General Fund

\$25,246.92 (Credit for Rent Reduction)

TOTAL \$320,246.92

ATTACHMENTS:

1. Letter from SVTVB
2. SVTVB Budget