



**CITY OF SALINAS  
FINANCE COMMITTEE**

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**DATE: SEPTEMBER 10, 2024**

**DEPARTMENT: COMMUNITY DEVELOPMENT**

**FROM: LISA BRINTON, DIRECTOR**

**BY: MICHAEL GOMEZ, ECONOMIC DEVELOPMENT ANALYST**

**TITLE: SALINAS CALIFORNIA WELCOME CENTER FY 2023-24 ANNUAL REPORT**

**RECOMMENDED MOTION:**

Receive the Salinas California Welcome Center FY 2023-24 Annual Report.

**EXECUTIVE SUMMARY:**

On September 12, 2023, City Council approved the Agreement between the City of Salinas and the Salinas Valley TBV, Inc. to operate the California Welcome Center (CWC). City Council also directed staff to continue to evaluate the use of the City's Tourism Improvement District (TID) funds and to provide quarterly updates on CWC monthly operation and financial reporting to the Finance Committee. Required reporting includes quantitative data such as daily visitor count, social media posts, and special events hosted. In addition to providing quarterly activity reports, the Salinas Valley TVB Inc. provided a 2024 Portfolio brochure that presents the CWC's initiatives that showcases the centers regional economic development programs that aim to generate more economic opportunities for local communities thus promoting overnight stays. Additionally, attached to the 2024 Portfolio is the CWC Fiscal Year 2023-24 financial statements and proposed FY 2024-25 funding needs letter to operate the CWC.

**DISCUSSION:**

**April 2024 – July 2024 Reporting**

During Quarter 4, the SVTVB received a total passthrough of \$30,550.84 and provided monthly documentation (Exhibit A) of CWC operations 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.

Quarter 4 CWC reports are provided as an attachment to this report along with a data summary.

Highlights of Quarter 4 activities include:

- Ongoing collaboration with various stakeholders such as See Monterey, UC Berkley, the Parks Foundation, the First Mayors House, Monterey & Salinas Valley Railroad Museum, and Friends of the Salinas Public Library amongst many others to attract visitors to the Intermodal Transportation Center (ITC) and promote overnight stays.
- Hosted the City of Salinas 150<sup>th</sup> Anniversary Kick Off Event
- Actively engaged on social media to promote local and surrounding events keeping the community and visitors informed and involved.
- Monthly Educational Tours to schools and Non-profit Organizations.

### **On-Going Collaboration**

The SVTVB meets monthly with city staff, Monterey County Convention and Visitor Bureau and other stakeholders to collaborate on strategies aimed at boosting overnight stays within the City of Salinas. The following strategies have been discussed and some have been implemented:

- Gathering hoteliers to have an open discussion on ways to improve overnight stays within Salinas to include SVTVB and MCCVB.
- Communication and sharing of event information for events within the City to be promoted by both SVTVB and MCCVB.
- Sharing current programs and projects to find ways to partner and enhance outcomes.

### **2023-24 Annual Report – Salinas Valley Tourism and Visitor Bureau 2024 Portfolio**

*\*The financials provided by the Salinas Valley TVBC Inc. are reported on the City of Salinas's Fiscal Year July to June, sine the SVTB Inc. is a Calander year entity with a year end of December, the Net Income on the Balance Sheet, which should tie on the Year-to-Date Profit and Loss, will not tie in the provided financials.*

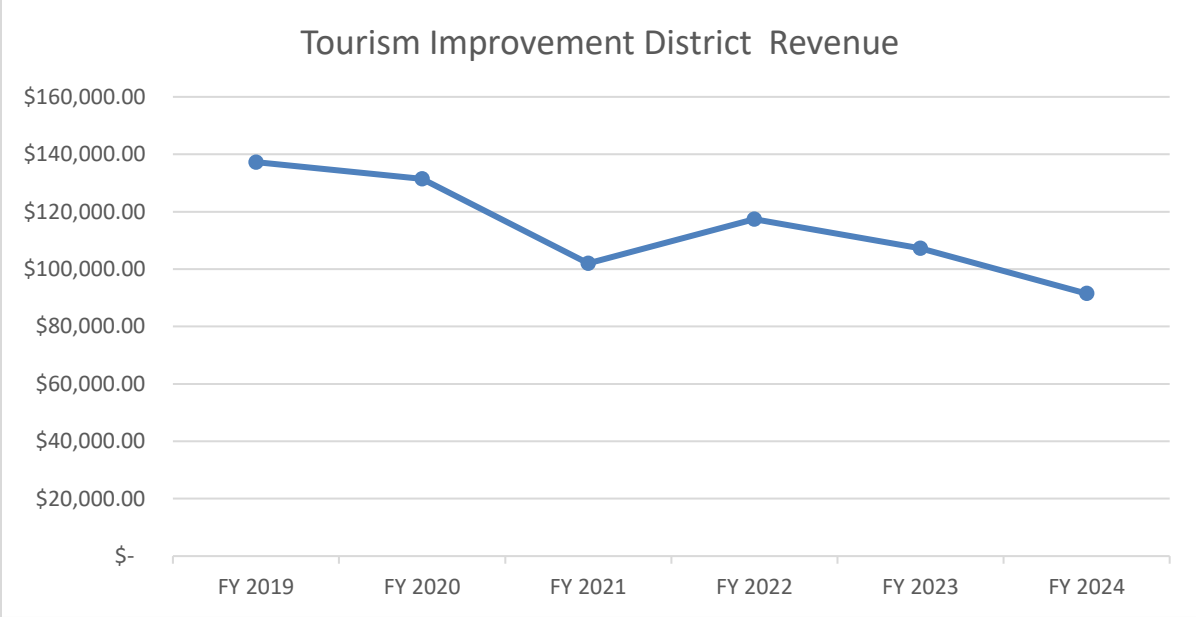
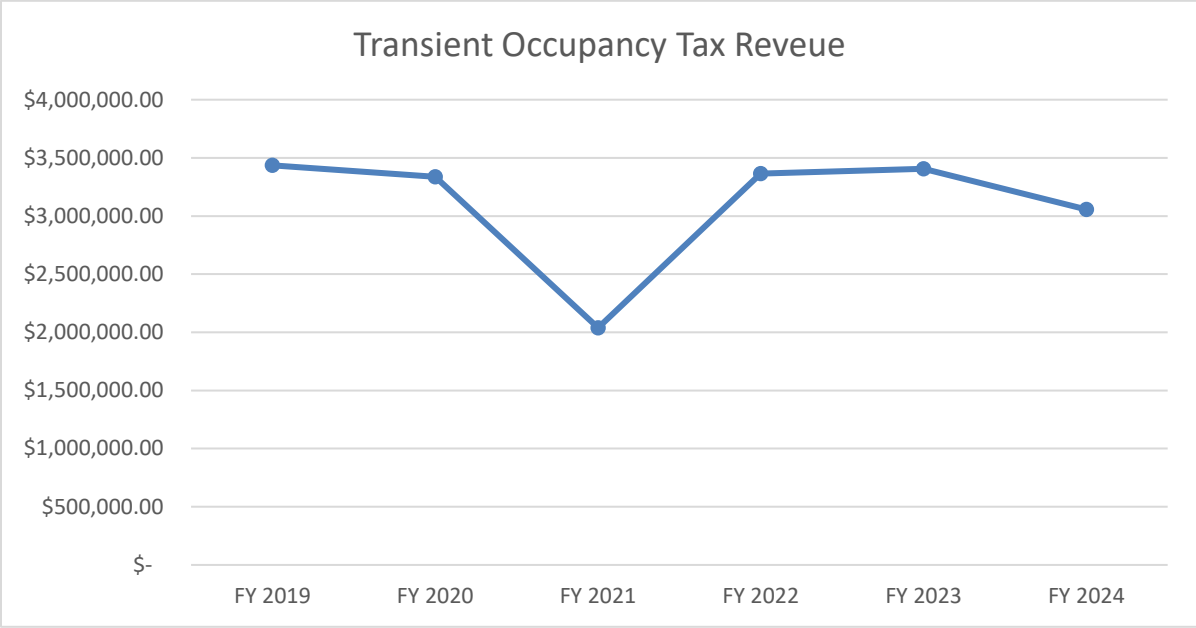
The 2024 Portfolio provides a comprehensive overview of all the elements involved in the Welcome Centers efforts to boost regional economic growth and showcases all the moving parts. The main source of income for the CWC comes from the collection of TID assessment passthrough totaling \$91,465.49 minus 1% for FY 2023-24. A total of \$90,550.84 was passed through to the Salinas Valley TVB Inc. to operate the CWC. SVTVB also received a \$50,000 grant award from the National Parks Foundation specifically to promote the Valley of de Anza National Historic Trail. Total expenditures in FY 2023-2024 were \$150,864.71 resulting in a remaining net income of \$7,939.67 and a carry forward balance of \$7,939.67.

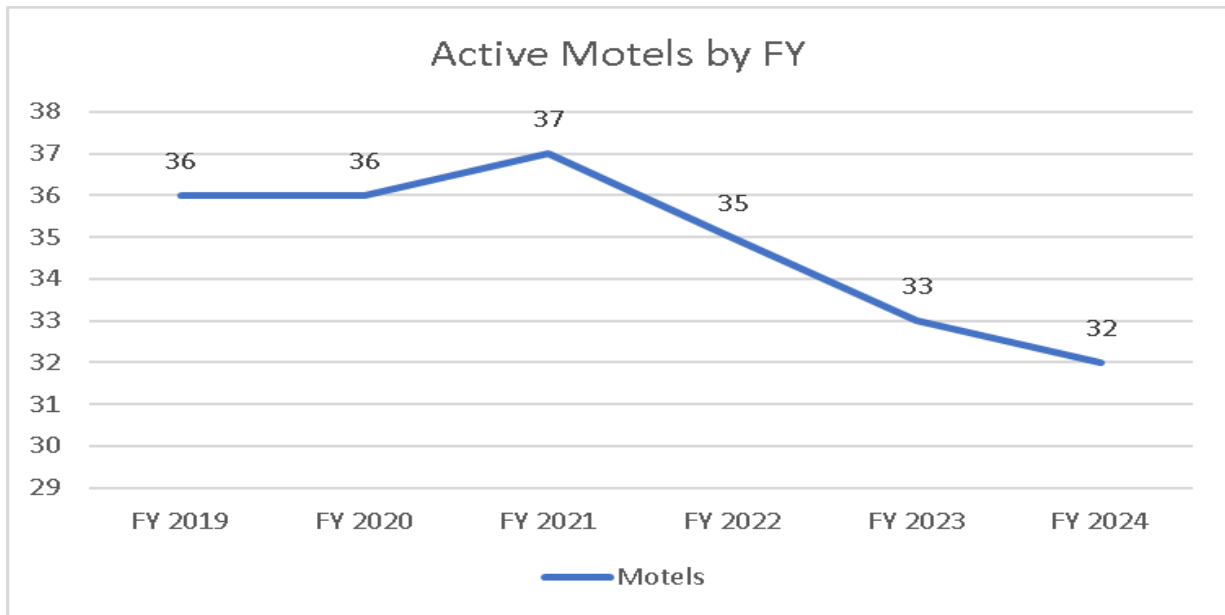
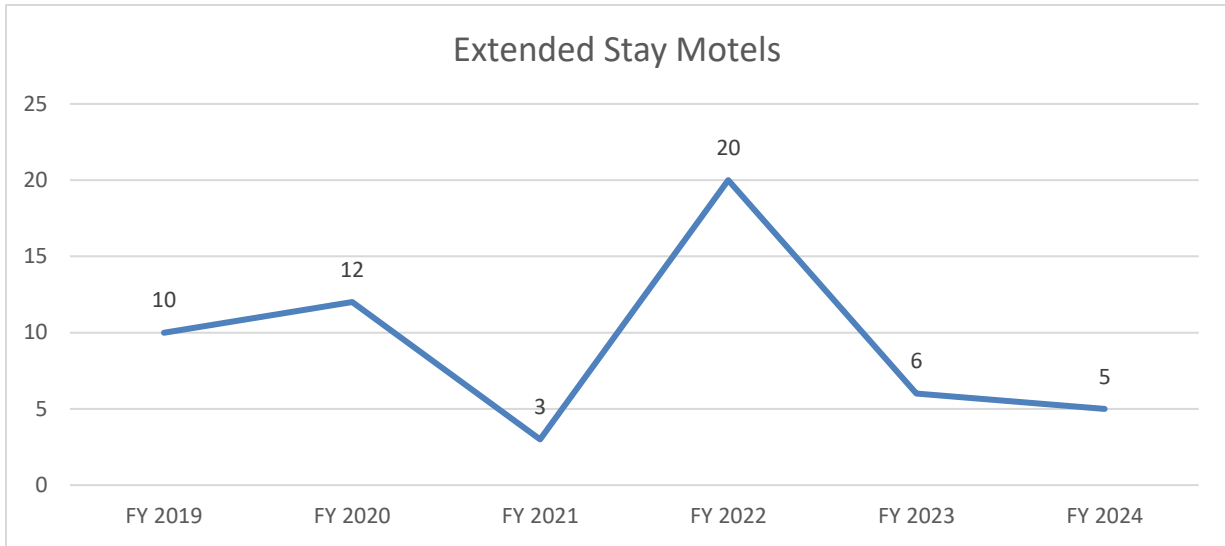
Per page 54 of the Portfolio report attached to this report states From July 1, 2023, to June 30, 2024, the California Welcome Center in Salinas had 5,091 visitors. Based on Visit California factors used to estimate statewide CWC impact, 11% (560 visitors) extended their stay by an average of 1.4 extra nights. Applying this factor of 1.4 to the total number of visitors to the CWC would result in an estimated 784 additional room nights in the area.

<b>Category</b>	<b>Amount (\$)</b>
Total TID Assessment Passthrough	\$91,465.49
Less 1% Adjustment	\$ 914.65
Net TID Assessment Passthrough	\$90,550.84
Total Expenses to Salinas Valley TVB Inc.	\$90,550.84
Total Funding Received from National Parks Foundation	\$50,000.00
Donations	\$174.81
Sales of Product Income	\$90.66
Total Expenditures	\$150,864.71
Remaining Net Income	\$7,939.67
Carry Forward Balance	\$7,939.67

### **Reduction of TID Collections**

In recent years, both the Transient Occupancy Tax (TOT) and Tourism Improvement District (TID) collections have been declining. This downturn can be attributed to several factors, including the lingering impacts of COVID-19, which affected travel and tourism across the board. A reduction in number of hotels/motels required to pay TOT and TID has contributed to the overall decrease in revenue as shown in the three charts below. In FY 2023-24, a total of five hotels went out of business, and many remaining motels and hotels have either closed or transitioned to extended-stay facilities as shown on the below graph. These extended stay motels are primarily used to accommodate agricultural workers which exempts them from TOT and TID assessments upon conversion of use. Between FY 2019 to FY 2024 a total of 38 Motels obtained permits to transition to extended stay motels, to date there are currently 11 active Extended Stay Motels. Additionally, The number of active motels remained stable at 36 in FY 2019 and FY 2020, increased slightly to 37 in FY 2021, and then began a gradual decline. By FY 2024, the number of motels had decreased to 32, indicating a steady reduction over the period. This decline in the number of motels correlates with a decrease in both TID and TOT funds, suggesting that as the number of active motels has decreased, so have the revenues generated from these sources. The below graphs illustrate recent activity for TOT, TID, extended stay motels, and active motels.





**FISCAL AND SUSTAINABILITY IMPACT:**

This acceptance of this report has no impact to the General Fund.

**ATTACHMENTS:**

1. Quarter 4 Combined Reports
2. Quarter 4 Summary Report
3. Combined TID/TOD Revenue Charts
4. 2023-2024 SVTB Portfolio