



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 22-240

Version: 1

Date: 8/22/2022

Item #: 3.3a.

TO: Urban Renewal Agency Board
THROUGH: Kristin Retherford, Interim Executive Director
FROM: Norm Wright, Interim Director, Urban Development

SUBJECT:

Salem Convention Center Amendment #1 to the Management Agreement of November 2020 and Marketing Addendum and budget for Fiscal Year 2023

Ward(s): Ward 1

Councilor(s): Stapleton

Neighborhood(s): CANDO

Result Area(s): Strong and Diverse Economy; Welcoming and Livable Community.

SUMMARY:

The conditions under which the November 2020 Management Agreement were approved have changed, mainly that the available TOT revenue for marketing is expected to be substantially higher than the \$300,000 guaranteed minimum. The current agreement creates inefficiency by requiring a large balloon payment upon end of year reconciliation. Amendment #1 to the Management Agreement solves for this by making payments 1/12th of the forecasted TOT revenue approved in the budget process with required mid-year reviews for adjustment by either party.

ISSUE:

Shall the Agency Board authorize the Executive Director to execute the attached Amendment #1 to the Management Agreement of November 2020 (Attachment #1) and execute the FY 2023 Marketing Amendment and Addendum (Attachment #2) that provides Transient Occupancy Tax revenues of \$539,170 for Salem Convention Center marketing?

RECOMMENDATION:

Authorize the Executive Director to execute the attached Amendment #1 to the Management Agreement of November 2020 and execute the FY 2023 Marketing Amendment and Addendum that provides Transient Occupancy Tax revenues of \$539,170 for Salem Convention Center marketing

FACTS AND FINDINGS:

The Convention Center Manager reports it is carrying over \$14,254 from prior years as working capital for marketing purposes. Once the August 2022 reconciliation is done, the expected balloon payment is approximately \$120,000. The FY 2023 forecasted TOT revenue approved in the City budget is \$419,170.

BACKGROUND:

In July 2003 the Agency Board adopted Resolution No. 03-9 URA, exempting the Salem Convention Center management and marketing functions from competitive bidding requirements. The management agreement with The Salem Group, LLC (Manager), whose principal is Steven V. Johnson, was renewed in November 2020 for fifteen years. An intergovernmental agreement between the City and the Agency provides TOT revenue to pay for Convention Center marketing tasks. The overall Management Agreement requires the Agency to pay 10% of TOT revenue annually (minimum of \$300,000) to the Manager for this purpose. Each fiscal year the Urban Renewal Agency and Manager execute a Marketing Addendum to the Management Agreement, outlining budget line items for marketing and the Agency's expected payment.

Michael Brown
Financial Services Manager

Attachments:

1. Amendment #1 to the Management Agreement of November 2020
2. FY 2023 Marketing Agreement Addendum
3. FY 2023 Marketing Budget