CITY OF SALEM

Legislation Details (With Text)

File #:	19-540	**Version:**	1	
Type:	Action Item	**Status:**		Passed
		In control:		City Council
On agenda:	11/25/2019	**Final action:**		11/25/2019

Title: Amendment to Tourism Marketing and Visitor Services Contract with Travel Salem to add management of Tourism Promotion Area funds.

Ward(s): All Wards
Councilor(s): All Councilors
Neighborhood(s): All Neighborhoods
Result Area(s): Strong and Diverse Economy.

Sponsors:

Indexes:

Code sections:

Attachments: 1. TPA AMENDATORY AGREEMENT NO 5 to TS contract FINAL

Date	Ver.	Action By	Action	Result
11/25/2019	1	City Council	approved	Pass

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Amendment to Tourism Marketing and Visitor Services Contract with Travel Salem to add management of Tourism Promotion Area funds.

Ward(s): All Wards
Councilor(s): All Councilors
Neighborhood(s): All Neighborhoods
Result Area(s): Strong and Diverse Economy.

ISSUE:

Shall City Council authorize the execution of a fifth amendment to the Tourism Marketing and Visitor Services contract with Travel Salem, to expand the contract to allow Travel Salem to manage Tourism Promotion Area funds?

RECOMMENDATION:

Authorize the execution of a fifth amendment to the Tourism Marketing and Visitor Services contract with Travel Salem, to expand the contract to allow Travel Salem to manage Tourism Promotion Area funds.

SUMMARY:

On November 25, City Council will conduct a public hearing to consider the creation of a Tourism Promotion Area (TPA). If created, the TPA will impose a 1% fee on rents on hotels and other transient lodging operators and booking agents. Revenue from the fee will be used to promote tourism opportunities in and around Salem, with the purpose of increasing overnight stays at hotels subject to the fee.

The proposal, ordinance bill no. 16-19, provides that use and management of TPA funds will be carried on by the City's Destination Marketing Organization (DMO), currently Travel Salem. Under the existing Tourism Marketing and Visitor Services contract (Contract), the DMO manages a portion of the City's Transient Occupancy Tax, for the purpose of marketing tourism opportunities within the city.

Execution of the fifth amendment to the Contract will engage Travel Salem to manage the use of TPA funds for the marketing purposes established in the ordinance bill.

If the ordinance bill is not passed at tonight's meeting, execution of the fifth amendment will be postponed until the status of the ordinance bill is resolved.

FACTS AND FINDINGS:

The Contract with Travel Salem currently requires the City to allocate 25% of Transient Occupancy Tax (TOT) net revenue to Travel Salem to engage in promotion and marketing of tourism opportunities within the city of Salem. Use of TOT funds is limited to specific uses by the Salem Charter and the Code and may only be used for events and opportunities within Salem.

TPA funds are more flexible and may be used for marketing of activities in the region that will increase overnight stays at hotels and motels within Salem.

The proposed Fifth Amendment:
- Designates Travel Salem, as the City's DMO, to manage the use of TPA funds, consistent with the new TPA code provisions,
- Establishes that TPA funds will be paid to the DMO on the same schedule at TOT funds are paid, and
- Requires the DMO to maintain TPA funds in a separate account, provide an annual report regarding management of TPA funds, and comply with the other generally applicable sections of the Contract, such as nondiscrimination, etc.

BACKGROUND:

Passage of the ordinance and execution of this Contract fulfills the goal of creating a Tourism Promotion Area that was included in the 2019 Council Policy Agenda. The TPA code designates the City's DMO as the entity to manage the use of TPA funds for purposes consistent with the TPA code.

Dan Atchison
City Attorney

Attachments:
1. Fifth Amendment to City/Travel Salem Tourism Marketing Contract