



Staff Report

File #: 19-278

Version: 1

Date: 7/8/2019

Item #: 3.3c.

TO: Urban Renewal Agency Board
THROUGH: Steve Powers, Executive Director
FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Salem Convention Center marketing addendum for Fiscal Year 2020.

Ward(s): Ward 1
Board Member(s): Kaser
Neighborhood(s): CANDO
Result Area(s): Strong and Diverse Economy

ISSUE:

Shall the Agency Board authorize the Executive Director to execute the attached Amendment and Addendum to the Management Agreement with The Salem Group, LLC for Salem Convention Center marketing in Fiscal Year 2020?

RECOMMENDATION:

Authorize the Executive Director to execute the attached Amendment and Addendum to the Management Agreement with The Salem Group, LLC for Salem Convention Center marketing in Fiscal Year 2020.

SUMMARY:

The Amendment and Addendum to the Management Agreement set the Fiscal Year 2020 Salem Convention Center marketing expenses that will be funded by Transient Occupancy Tax (TOT) revenue and the amount that will be funded by the Salem Convention Center.

Using TOT funds, the City reimburses the Urban Renewal Agency for Salem Convention Center marketing. The Agency contracts with The Salem Group for the management, including marketing, of the Salem Convention Center. The Salem Convention Center is owned by the Urban Renewal Agency.

FACTS AND FINDINGS:

The success of the Salem Convention Center depends, in part, on funding marketing activities. Salem Convention Center marketing expenses are increasing in Fiscal Year 2020. TOT revenues are constrained, with needs exceeding available funds. Fully funding Salem Convention Center marketing expenses would compromise the City's ability to fund other uses of TOT revenue. The recommended addendum (Attachment 1) will provide for the Salem Convention Center's marketing needs without reducing other TOT uses.

The FY 2020 budget resolutions adopted by the Agency Board and City Council include a TOT revenue appropriation of \$300,090 for Salem Convention Center marketing. The Marketing Addendum to the Management Agreement commits \$300,090 of the funds to Salem Convention Center marketing during FY 2020. Actual marketing costs above the \$300,090 TOT revenue allocation will be a Salem Convention Center expense from Salem Convention Center operating funds. The total FY 2020 marketing expenses are budgeted at \$354,416.

All other terms and conditions of the Amendment and Addendum for FY 2020 are substantially unchanged from previous years' Addendums.

BACKGROUND:

In March 2005, the Agency and the City of Salem entered into an intergovernmental agreement under which the City agreed to reimburse the Agency from TOT funds for Salem Convention Center marketing costs.

The Salem Convention Center is managed on behalf of the Agency by The Salem Group, LLC, whose principal is Steven V. Johnson. The Salem Group's marketing responsibilities and the Agency's funding requirements are specified in an annual Marketing Addendum to the Management Agreement for the Salem Convention Center.

Renee K. Frazier
Financial Services Manager

Attachments:

1. SCC Marketing Addendum for FY 2019-20