

FOR BUDGET COMMITTEE MEETING OF: April 23, 2008

AGENDA ITEM NO: 6.a.

TO: BUDGET COMMITTEE MEMBERS
FROM: LINDA NORRIS, CITY MANAGER PRO TEM
SUBJECT: ERRATA SHEET 2

ISSUE:

To inform the Budget Committee about corrections, errors, or updated information regarding the FY 2008-09 budget.

RECOMMENDATION:

Increase Cultural and Tourism Fund materials and services by \$20,000.
Decrease Cultural and Tourism Fund contingency by \$20,000.

BACKGROUND:

The "CTPAB Recommend" column of the Cultural and Tourism Fund budget (book 1, page 294) includes a recommended allocation to the Salem Convention and Visitors Association (SCVA) \$13,500 greater than the City Manager's recommended budget. The \$13,500 represents support for an opportunity or "agility" fund to assist SCVA in competing to bring conferences and events to Salem. The initial request accepted by the Cultural and Tourism Promotion Advisory Board (CTPAB) during its March 11, 2008 meeting was intended for a specific event. Subsequent to review of the initial request by the City's legal counsel, SCVA returned to the CTPAB on April 8, 2008 with a revised request for a generic \$20,000 agility fund – not tied to a particular event, but including criteria more specifically defining what type of event would qualify. As the result, the CTPAB reconsidered the action taken at its March 11 meeting and accepted SCVA's revised proposal.

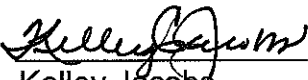
FACTS AND FINDINGS:

The Cultural and Tourism Fund budget recommended by the CTPAB to the City Manager includes an allocation of \$13,500 for an opportunity or "agility" fund to allow SCVA to compete to bring conferences and events to Salem. The CTPAB received a revised request (attached) from SCVA following publication of the City Manager's proposed budget. The revised request included an increased amount - \$20,000 from \$13,500 – and criteria defining eligible uses of the agility fund. The CTPAB voted unanimously to recommend the revised agility fund proposal

to the City Manager. The City Manager's acceptance of the recommendation is reflected in the submission of this errata report to the Budget Committee.

RECOMMENDATION:

Increase Cultural and Tourism Fund materials and services appropriation by \$20,000. Decrease Cultural and Tourism Fund contingency by \$20,000.


Kelley Jacobs
Budget Analyst



**Special Funding Request
presented to the
Cultural & Tourism Promotion Advisory Board
for
The Agility Fund**

Overview

SCVA increasingly receives requests for bid money and/or financial support from conferences and events seeking to come to Salem. These conferences/events receive similar support in other communities. In order for Salem to be competitive in the bid process, SCVA needs to be able to respond quickly to these requests and have the financial resources available to secure the business for Salem. Some events require the local destination marketing organization (DMO) or other group to sponsor a portion of their event (e.g. dinner, tour, etc.). Other opportunities require bid money to participate in a request for proposal. Salem has been extremely successful over the past few years in securing national softball tournaments using bid money – the return on investment has resulted in significant economic impact and new transient occupancy tax revenues for the City.

With new amenities such as The Salem Conference Center and the Oregon State Fair Pavillion, Salem is an attractive location for new conference and event business we weren't able to secure previously. In addition, other innovative strategies have been employed such as SCVA's partnership on a regional level with Willamette Valley DMO's to collectively pursue large scale sporting events and other opportunities, that none of the cities could secure individually. This regional DMO partnership recently went after the Senior Olympics which sought a location to hold their 2011 and 2013 events, and split the \$5,000 bid money that was required to respond to the request for proposal.

These new opportunities are exciting and have tremendous upside potential for Salem, but they also represent a new way that SCVA must operate in order to secure business. We must secure additional financial resources that allow us to participate and compete for these new opportunities.

Research

Other DMOs such as Travel Portland and the Convention and Visitors Association of Lane County, faced similar challenges and developed "visitor development funds" that allow them to subsidize large groups that have wide-reaching impact on their cities. In both Portland and Lane County, a separate fund was established using transient

occupancy tax revenues, that the DMO manages and disperses as needed to secure conferences/events. These funds allow the DMO to compete for business and have the flexibility to quickly respond when opportunities arise. In both cases, any unexpended funds are rolled over into the following year.

Criteria*

Conferences, events and general tourism that meet the following minimum criteria will be considered:

- The event represents significant economic impact for the entire city, at a minimum ratio of \$20 in EEI to \$1 of TOT invested, AND/OR the event provides a significant opportunity to showcase the city AND/OR offers a multi-year contract
- Hotel occupancy – 75% or more of participants will utilize local lodging facilities
- The event agrees to provide accurate attendance reports and occupancy reports to SCVA

** Criteria to be adopted by the SCVA Board of Directors.*

Request

SCVA requests that an "Agility Fund" be established with an allocation of \$20,000 for 2008-09. The Fund would be managed by SCVA with a goal to secure new business for Salem. Agility Fund activities and results will be reported in SCVA's quarterly and annual reports. For each fiscal year, funds would be allocated based on known opportunities and a reserve would be determined to proactively take advantage of opportunities as they arise throughout the year. Any unused funds would carry over and be available for future use.

Long-Term Strategy

Over time, SCVA will strive to become less reliant on TOT support for the Agility Fund. SCVA will work with the CTPAB to establish a long-term strategy. This strategy would allow SCVA to utilize the Fund in a broader capacity as a regional economic development tool.

Please note: this proposal will need to be reviewed and approved by the SCVA Board of Directors.