



City of Bend

ISSUE SUMMARY

MEETING DATE: April 1, 2009

SUBJECT: Modification to Contract with Visit Bend for Tourism Promotion Services

STAFF MEMBER: Eric King

DEPARTMENT: City Manager

ACTION REQUIRED: WORK SESSION

- Motion
- Public Hearing (date)
- Ordinance – 1st Reading (date)
- Ordinance – 2nd Reading (date)
- Resolution (role call vote required)
- Information/Direction
- Consent Agenda A
- Consent Agenda B

ADVISORY BOARD/COMMISSION RECOMMENDATION:

- Approval
- Denial
- None Forwarded
- Not applicable

Comments: Discussion item in work session.

STAFF RECOMMENDATION:

We recommend that the Council engage in a discussion with representatives from Visit Bend (formerly the Bend Visitor and Convention Bureau) and determine whether it is interested in modifying the current contract. If the Council is interested in modifications to the contract, staff will return with a revised contract for Council approval.

Project/issue relates to:

Council Goals and Priorities

Bend 2030 Vision

Not Applicable

VE 14 – Tourism Benefits to Community. Promote and support year-round tourism based on Bend's' natural beauty and outdoor recreation opportunities, with a diverse mix of attractions including arts and culture, sports, clean air and water and environmentally focused tours and programs.

ISSUE / COUNCIL DECISION & DISCUSSION POINTS:

The City of Bend allocates 30% of the transient room tax (TRT) receipts to tourism promotion and has a contract with the Bend Visitor and Convention Bureau, which recently changed its name to Visit Bend. The majority of the funds are transferred to Visit Bend through a pre-fixed budget established by the City at the beginning of each fiscal year. The City provides the TRT funds in 12 equal monthly installments. The proposed modifications to the contract will provide for the transfer of 30% of the actual receipts (less city overhead and repayment to the General Fund for any previous shortfalls), thereby removing an obligation on the City to cover the Visit Bend budget when TRT receipts are below projections.

BACKGROUND:

The current funding system provides for 12 equal installments based upon what is projected for the fiscal year. With the recent downturn in the economy, TRT receipts are coming in at less than previously projected. This has resulted in the Tourism Fund carrying a cash shortfall which the City's General Fund has to cover

To resolve the impacts on the City's budget, Visit Bend has proposed that the current pre-fixed budget system be replaced by a percentage-based system. This proposal would allocate 30% of the TRT receipts, less city overhead and any repayments to the City's General Fund, to Visit Bend for the promotion of tourism.

The proposed contract amendment will continue to stipulate that the City Council must approve the Visit Bend annual business plan, and that, once approved by the Council the contract would renew for another year.

CURRENT YEAR BUDGET IMPACTS (Department):

The FY08-09 contract with Visit Bend totals \$809,000.

FINANCIAL PERSPECTIVE & RECOMMENDATION:

Reviewed by: Staff Date: 3/25/09

Based on current trends in room tax revenues, the Tourism Fund is expected to end the year with a cash shortfall of \$100,000 to \$130,000. This Visit Bend proposal provides for a reimbursement to the City of \$50,000 to \$80,000 (depending on level of reserves Visit Bend has) to cover the year-end deficit in the City's Tourism Fund. The remaining cash shortfall will need to be covered by a loan from the General Fund and repaid with the following year's room tax receipts.

LEGAL REVIEW & RECOMMENDATION:

Reviewed by: N/A Date: 3/27/09

COMMUNITY INVOLVEMENT PROCESS:**PROS & CONS:**

Pros:

- The proposal will assure that the City will no longer be obligated to fund Visit Bend from General Fund revenues during years when there is a deficit in the Tourism Promotion Fund.

Cons:

- The City will no longer have the discretion to fund tourism promotion opportunities on its own.

ATTACHMENTS:

- Letter of Proposal by Visit Bend