INTER-OFFICE MEMORANDUM June 10, 2020

TO: Pat Davis, President, City Council

FROM: Timothy M. Keller, Mayor

SUBJECT: ..title
Visit Albuquerque Eighth Supplemental Agreement

The City of Albuquerque entered into a contract with Visit Albuquerque for destination marketing and group sales and services following a Request for Proposals (RFP) process in 2016. The original agreement allowed for the contract to be extended through 2021.

Given the reduced Lodgers' Tax revenue, diminished prospects for an RFP on the normal timeline, disruption in the business travel and tourism industries, and the economic uncertainty created by the COVID-19 health pandemic, the City has determined that the following substantive changes are necessary in this Eighth Supplemental Agreement:

Adjust Total Contract Amount to Reflect Revenue Uncertainty

The Eighth Supplemental Agreement decreases the total amount available for FY21 to 75% of FY20's Total Available Amount to reflect decreasing Lodgers' Tax revenue. However, it also adds language that allows for the total amount available to increase if revenue exceeds projections. The following table shows the appropriation for FY20 as

well as the fiscal years included in the Eighth Supplemental Agreement:

Fiscal Year	Estimated Growth Rate	Lodgers' Tax	Hospitality Fee	Base Contract Amount	Incentive Funding	Total Amount Available
2020	-	$4,622,000	$924,000	$5,546,000	$292,000	$5,838,000
2021	-	$3,467,000	$693,000	$4,160,000	$219,000	$4,379,000
2022	TBD					

Extend Term for Two Years

Rather than extending the term of the Agreement for one year (through June 30, 2021), the City has determined it is necessary to extend the term for two years (through June 30, 2022). The intent is to conduct an RFP in 2022 when the destination marketing and group sales industry is more certain.

Create a Task Force to Adjust Key Performance Indicators Throughout the Term

The Original Agreement with Visit Albuquerque makes available incentive pay of 5% if the targets established for each Key Performance Indicator are met. However, the COVID-19 health pandemic has made it difficult to establish reasonable targets in advance. Therefore, the Eighth Supplemental Agreement introduces a seven-member Task Force (made up of two members from the Visit Albuquerque Board, two members from the Lodgers' Tax Advisory Board, two members from the Greater Albuquerque Hotel & Lodging Association, and one member designated by the Mayor). This Task Force will work in collaboration with Visit Albuquerque to set targets for each Key Performance Indicator.

Staff is available to review this material with you at your convenience.

TITLE/SUBJECT: Visit Albuquerque Eighth Supplemental Agreement

Approved:

Sarita Nair Date
Chief Administrative Officer

Approved as to Legal Form:

Esteban A. Aguilar, Jr. Date
City Attorney

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Recommended:

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Synthia Jaramillo Date
Economic Development Director

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