

EXECUTIVE SUMMARY

This is the annual report for FY 2020/21 prepared on behalf of the participating hotel properties in Santa Clara’s Tourism Improvement District (TID) and in collaboration with the newly formed Destination Marketing Organization (DMO) – Silicon Valley/Santa Clara DMO, Inc. on the use of revenues collected from the TID.

Background

The existing TID was formed in 2005 pursuant to the Parking and Business Improvement Law of 1989. City Council approved the establishment of the TID and the levy of a \$1.00 assessment fee on each occupied hotel/motel room in the established district boundaries. The TID now includes 11 hotels near the Santa Clara Convention Center: AC Santa Clara (joined 2019), Avatar Hotel, Biltmore Hotel & Suites, Element (joined 2019), Embassy Suites, Hilton Santa Clara, Hyatt House, Hyatt Regency, Marriott Santa Clara, The Plaza Suites, and TownePlace Suites by Marriott.

- The intent of the TID is to serve as a vehicle of funding with the participating hotels self-assessing a fee in order to effectivity market Santa Clara as a convention and visitors’ destination.
- The hotels began collecting the TID assessment on February 14, 2005
- Collection FY 2019/20: \$718,616
- Forecasted Collection FY 2020/21: \$150,000
- Estimated fund balance at year-end FY 2020/21: \$1.40 million

Actual FY 2018/19	Actual FY 2019/20	Estimated FY 2020/21*	Forecasted FY 2021/22
\$660,711	\$718,616	\$150,000	\$610,936

*FY 2020/21 collections is an estimate based on collections through March 31, 2021; demonstrates the continued effects of COVID-19.

The TID Advisory Board, upon Council approval of a TID budget, currently directs the spending of the TID funds, in collaboration with the newly created DMO “Silicon Valley/Santa Clara DMO, Inc.” (SVSC DMO). The SVSC DMO is the official designated Destination Marketing Organization for the City of Santa Clara. The attached report outlines the results for FY 2020/21.

The Honorable Mayor and City Council City of Santa Clara
1500 Warburton Ave
Santa Clara, CA 95050

April 28, 2021

CC:

Deanna J. Santana, City Manager
Ruth Mizobe Shikada, Assistant City Manager
Nancy Thome, Assistant to the City Manager
Kenn Lee, Director of Finance
City Clerks' Office

The following is a report on the Santa Clara Tourism Improvement District's (TID) FY 2020/21 activities and FY 2021/22 goals.

To support the newly formed Destination Marketing Organization (DMO) with selling and marketing Santa Clara to high impact convention center groups, the TID is now the primary funding source for the convention sales and marketing efforts.

There are currently 11 hotels in the TID. The hotels surround the Santa Clara Convention Center and include AC Santa Clara, Avatar Hotel (re-branding), Biltmore Hotel & Suites, Element, Embassy Suites, Hilton Santa Clara, Hyatt House, Hyatt Regency, Marriott Santa Clara, The Plaza Suites, and TownePlace Suites by Marriott. Each participating hotel is currently assessed \$1.00 per occupied room night and is excited to have Council's support for the conversion process to establish the district under the Property and Business Improvement District Law of 1994. This conversion along with changing to a percent assessment, 1.5% of gross revenue with the possibility to increase to 2% of gross revenue in year two pending Council's approval, only strengthens the DMO's efforts to successfully market and sell Santa Clara as a destination and the Convention Center as a premier meetings venue. The new funding model will provide for increased funding to directly support sales, marketing, and promotional efforts with the goal of increasing hotel occupancy in the district, generating revenue for the Convention Center and driving overall spending into the local Santa Clara economy.

Below is a recap of FY 2020/21 year-to-date efforts through April 17, 2021.

Key Accomplishments

The current fiscal year has been dedicated to launching the newly formed DMO "Silicon Valley/Santa Clara DMO, Inc." including establishing nine (9) KPI's, systems of governance, establishing new policies, finalizing the most impactful marketing approach, hiring a sales contractor and administrative assistant to launch the sales efforts targeting high impact conventions, and, in collaboration with the TID hotels, Spectra, Levy and the City, proposing a FY 2021/22 Operating Budget that will help set the DMO up for future success.

The following are key accomplishments of FY 2020/21:

1. Established a highly functional Board of Directors with strategic representation and professional knowledge base.
2. Performed a risk assessment and identified and contracted for insurance coverage for the DMO operation.
3. Solicited, identified, and contracted accounting services for the DMO operation.

4. Contracted and implemented a Customer Relationship Management software platform for all of the group sales efforts including Spectra, Levy and the DMO. This also includes direct access and transparency for the TID Hotels.
5. Reconfirmed, through a hotel survey, the number of hotel rooms the TID hotels will allocate for conventions coming to Santa Clara. This will guide sales strategies as it relates to securing high impact conventions for the Santa Clara Convention Center and Santa Clara hotels.
6. Hired a President & CEO on November 16, 2020.
7. Developed a COVID-19 based strategy for securing conventions in the near term. This was developed in collaboration with the DMO, Spectra, Levy and the TID hotels. This will be followed, as we collectively navigate through the pandemic. This strategy sets the course for the DMO to selling the Santa Clara Convention Center for high impact conventions into the years ahead while the Spectra sales efforts focus on shorter lead time users.
8. Collaborated with above mentioned partners in the development of the DMO's FY 2020/21 Proposed Budget.
9. Developed an industry specific Profit and Loss (P&L) reporting format for the current operating year FY 2020/21.
10. Gathered support for the conversion of the district and the development of the TID Management District Plan which allowed the TID hotels to devise and "vote" for a future funding solution to properly fund the future marketing efforts of the newly formed DMO in support of the City of Santa Clara and Santa Clara Convention Center.
11. Developed Santa Clara focused position descriptions and recruitment strategies for proposed Sales Manager and Director of Sales positions in the upcoming year.
12. Initiated a bi-weekly sales meeting and reporting structure that integrates the activities of the DMO, Spectra (Center) and Levy (Food Service provider at the Center).
13. Initiated the development of a new customer focused high impact Convention Proposal Presentation for key decision makers.
14. Contracted and engaged with Destinations International, the nationally recognized DMO association, for support and use of a recognized economic impact reporting tool.
15. Evolved the DMO organizational chart to reflect a new approach to marketing with position-by-position descriptions to support a sustainable DMO operation into the future.
16. Conducted research and identified the new DMO naming standard "Discover Santa Clara" that aligns well with launching our new direction and reaching new audiences. We have initiated the official registration of this new name (wordmark/trademark).
17. Created an industry tradeshow calendar with a targeted list of client-based tradeshow to attend in the upcoming year. Participation in these shows will attract new prospective high-profile convention clients.
18. Developed new approaches to engage Levi's Stadium and California's Great America in the selling process to attract new, prospective convention business.
19. Developed an approach with a nationally recognized meetings search engine (CVENT) to raise awareness and uncover new business for Santa Clara as a meetings and convention destination.
20. Completed a targeted framework for future success in marketing Santa Clara as a meetings and convention destination to be utilized by a marketing firm. An RFP process was launched to identify a marketing firm with specific experience and knowledge in the convention and meetings industry.
21. Successfully launched efforts to identify new opportunities to attract high impact conventions and gain invaluable insight from clients on how we position our services and unique seamless approach to differentiate us from others.

This is the 16th year of operation for the TID and we are very energized over the direction that we have helped to develop. This direction emphasizes focus and accountability from the DMO in collaboration with Spectra, Levy, the City and the TID hotels. Our work over the past years has been successful in developing a highly competitive customer-focused model and we are pleased with the early results. Future years and the sustainability of this model will be highly dependent on the successful conversion of the TID including the proposed percent model funding structure.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eron Hodges', with a long horizontal flourish extending to the right.

Eron Hodges
TID Advisory Board Chair
SVSC DMO Board Chair

Attachment:

- A. DMO FY 2021/22 Proposed Budget



Date: April 28, 2021

To: Silicon Valley/Santa Clara DMO, Inc. Board of Directors

From: Nancy Thome, Assistant to the City Manager

Subject: Silicon Valley/Santa Clara DMO, Inc. FY 2021/22 Proposed Budget (Revised)

This summary has been prepared for the Silicon Valley/Santa Clara DMO, Inc. Board of Directors to provide an overview of the FY 2021/22 proposed budget and the proposed changes from the current year adopted budget.

Background

The Silicon Valley/Santa Clara DMO, Inc. (DMO) is funded by the lodging business of the Santa Clara Tourism Improvement District (TID) pursuant to the Parking and Business Improvement Law of 1989. The existing TID was formed in 2005 and hotels located with the TID boundaries assess \$1.00 from lodging guests for each occupied room night. The TID currently includes 11 hotels near the Santa Clara Convention Center: AC Hotel Santa Clara, Avatar Hotel, Biltmore Hotel & Suites, Element Santa Clara, Embassy Suites, Hilton Santa Clara, Hyatt House, Hyatt Regency, Marriott Santa Clara, The Plaza Suites, and TownePlace Suites by Marriott. TID funds are collected and maintained by the City. The City distributes funds to the TID/DMO exclusively for activities and costs related to the establishment of the DMO including but not limited to legal services, insurance, hiring staff and related administrative program costs. The diagram below demonstrates the approved governance structure and relationship between the City, TID and DMO.



The FY 2020/21 beginning TID fund balance was \$1.66 million, and the current year adopted budget is \$1,321,060. As of April 28, 2021, the DMO is approximately 21% expended and is estimated to be approximately 27% expended by the end of the fiscal year. Of the four positions included in the budget, only the CEO vacancy was filled (November 2020) and funds were expended as needed for costs related to legal, fiscal, IT and payroll, insurance, CEO salary and benefits, equipment, memberships, and office supplies, website maintenance and sales management software, and professional contract costs related to the TID conversion process (Civitas) and continued DMO organizational development (JLL). The FY 2020/21 year-end fund balance is estimated at \$1.4 million.

Revenues for the FY 2021/22 were conservatively estimated at \$610,936 as the economy begins to recover from the COVID-19 pandemic. Due to the unprecedented nature of the COVID-19 pandemic, this is an estimation based on available data and may be subject to change.

FY 2020/21 Estimated Fund Balance	FY 2021/22 Projected Revenue	FY 2021/22 Available Funds
\$1,400,000	\$610,936	\$2,010,936

Budget Summary

The current year adopted budget includes funds for on-going operating expenditures and for one-time expenditures. One-time expenditures include: TID hotel reimbursements for FY 2018/19 for consultant costs related to the incorporation of Visit Santa Clara and updating its bylaws, start-up costs related to the purchase of computers and hardware, and contract services related to the TID conversion process. The current year adopted budget also includes four full-time equivalent (FTE) staff: 1.0 Chief Executive Officer, 1.0 Director of Sales, 1.0 Sales Manager and 1.0 Marketing Manager.

The proposed FY 2021/22 budget does not differentiate any one-time expenditures, includes the addition of 1.0 FTE and adjustments in personnel and non-personnel costs primarily due to identified need for administrative support and a realigned approach in engaging a marketing firm. The overall increase in the FY 2021/22 budget dollars from the current operating budget is \$42,942.

Position	FY 2020/21 Adopted	FY 2021/22 Proposed	Change
Chief Executive Officer	1	1	0
Director of Sales	1	1	0
Sales Manager	1	2	1
Marketing Manager	1	0	(1)
Administrative Assistant	0	1	1
TOTAL FTE	4	5	1

	FY 2020/21 Adopted	FY 2021/22 Proposed	Variance +/(-)	FY 2021/22 Change %
Personnel	\$769,900	\$725,627	(\$44,273)	(5.75%)

Non-Personnel	\$477,160	\$564,375	\$87,215	18.28%
Total Operating Budget	\$1,247,060	\$1,290,002	\$42,942	3.44%

FY 2020/21 One-Time Expenditures	FY 2021/22 One-Time Expenditures	Variance +/-	FY 2021/22 Change %
\$74,000	\$-	(\$74,000)	(100%)

The DMO budget is organized into five program areas: Convention Sales, Incentives & Services, Marketing & Communications, Administration, Contingency and City Administration.

Convention Sales, Incentives & Services

The Convention Sales, Incentives, and Services Program promotes sales activity for the booking of high-profile Convention Center events, generation of Convention Center revenue and increased room night sales from Convention Center attendees. The budget is dedicated to sales activities to attract new meetings, conventions, sporting, and other events that have a significant impact on the Center's fiscal performance and assessed lodging business room demand in the TID. This program also includes client incentives/subsidies to attract new marquee events and conventions that have not previously hosted an event at the Convention Center.

Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance
CONVENTION SALES, INCENTIVES & SERVICES			
Positions			
Director of Sales	1	1	0
Sales Manager	1	2	1
Personnel	\$325,000	\$397,255	\$72,255
Salary	\$152,500	\$277,500	\$125,000
Incentives	\$97,500	\$69,375	(\$28,125)
Benefits	\$75,000	\$27,060	(\$47,940)
Payroll Taxes	\$ -	\$22,000	\$22,000
Other-Cell Phone Stipend	\$-	\$1,320	\$1,320
Convention Sales, Incentives & Services Expenses			
	\$164,160	\$155,698	(\$8,624)
Memberships	\$ -	\$2,825	\$2,825
Subscription Services	\$2,500	\$31,473	\$28,973
Business Development	\$64,160	\$50,000	(\$14,160)
Conferences and Tradeshows	\$25,000	\$8,900	(\$16,100)
Support Services	\$57,500	\$42,500	(\$15,000)
Travel & Entertainment	\$15,000	\$20,000	\$5,000
TOTAL	\$489,160	\$552,953	\$63,793

Proposed Personnel budget changes:

- 1.0 Sales Manager was added to further support sales efforts and proposed sales performance targets.
- Salary budget per sales position was increased to provide a competitive industry wage and to reflect the additional Sales Manager position. Both Sales Manager positions will

begin July 1. The Director of Sales will not be brought on until October 2021 and is budgeted at 75% of proposed annual base salary.

- Incentives budget was reduced by \$28k to help offset the increase in salary costs and will include a maximum payout of 25% of the employee base salary. A detailed sales performance plan will also be developed and approved by the Board prior to the adoption of an incentive plan and the expenditure of any incentive funds.
- Benefits budget was reduced by \$48k as only health benefits are recognized. Payroll taxes and workers compensation are accounted for separately.
- \$23k was added for Payroll Taxes and employee cell phone stipends.

Proposed Non-Personnel budget changes:

- \$2,825 was added for six employee industry organization memberships: Professional Convention Management Association (PCMA), Meeting Professional International (MPI), and California Society of Association Executives (CalSAE).
- \$31k was added to support CVENT marketing and lead generation subscription services. The CVENT subscription was approved by the Board on April 15th.
- Business Development (previously Client Incentives) budget was reduced by \$14k. Business Development budget will be used per the established TID subsidy process for in the year for the year spending for business development and/or customer event support such as transportation.
- Conferences & Tradeshows budget was reduced by \$16k. This budget will cover costs for registration, exhibitor/booth and set-up, shipping, etc. at five client-based association events: PCMA, MPI, CalSAE, and CONNECT as exhibitors and IMEX as a participant. Per the IMEX website, attendee registration is free of charge.
- Site Tours budget was reduced by \$14k and is used for bringing potential clients to tour the Santa Clara, TID hotels and the Convention Center. Budget would cover costs related costs: local transportation, food and beverage, venue rental, etc.
- \$5k was added to the Travel & Entertainment budget to support employee travel costs to attend the five conferences/tradeshows mentioned above: PCMA, MPI, CalSAE, CONNECT and IMEX, and for sales trips. This includes airfare, hotel, per diem food costs, mileage, and client entertainment.

Marketing & Communication

The Marketing & Communication Program will promote Santa Clara, the Convention Center and the assessed lodging businesses as a convention, meeting, and event destination. The Program will have a central theme of promoting the destination as a desirable place for overnight meeting and convention attendees and will have the goal of increasing overnight visitation, Convention Center revenue, and room night sales at assessed lodging businesses,

Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance
MARKETING & COMMUNICATIONS			
Positions			
Marketing Manager	1	0	(1)
Personnel	\$90,000	\$-	(\$90,000)

Salary	\$63,000	\$-	(\$63,000)
Benefits	\$27,000	\$-	(\$27,000)
Marketing Expenses	\$110,000	\$175,000	\$65,000
Contract Services	\$60,000	\$150,000	\$90,000
Advertising & Promotions	\$-	\$25,000	\$25,000
Website	\$50,000	\$-	(\$50,000)
TOTAL	\$200,000	\$175,000	(\$25,000)

Proposed Personnel budget changes:

- Elimination of 1.0 Marketing Manager position reducing Personnel budget by \$90k. Funds were moved to non-personnel budget to support Contract Services for a Marketing firm.

Proposed Non-Personnel budget changes:

- Budget categories were restructured, and marketing services, branding and website development are included within the Contract Services budget.
- \$90k from the elimination of 1 FTE was added to Contract Services.
- \$25k budget was added for marketing collateral, give-away items, advertising, banners.

Administration

Administration provides management, coordination and support to all organizational services and functions. Administration is responsible for the general oversight and fiscal health of the organization and budget will be used to support CEO and administrative staffing costs, office costs, policy development, and other general administrative costs such as insurance, legal, accounting and IT.

Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance
ADMINISTRATION			
Positions			
Chief Executive Officer	1	1	0
Administrative Assistant	0	1	1
Personnel	\$354,900	\$328,372	(\$26,528)
Salary	\$210,000	\$285,000	\$75,000
Incentives	\$63,000	\$-	(\$63,000)
Benefits	\$81,900	\$20,806	(\$61,094)
Payroll Taxes	\$-	\$21,606	\$21,606
Other-Cell Phone Stipend	\$-	\$960	\$960
Administrative Expenses	\$150,000	\$206,458	\$56,458
Contract Services	\$80,000	\$155,876	\$75,876
Operating Supplies	\$20,000	\$24,400	\$4,400
Insurance	\$50,000	\$8,610	(\$41,390)
Memberships	\$-	\$1,047	\$1,047
Subscription Services	\$-	\$16,525	\$16,525
TOTAL	\$504,900	\$534,830	\$29,930

Proposed Personnel budget changes:

- Addition of 1.0 Administrative Assistant to provide full-time administrative support the organization increasing the Salary budget by \$70k. The DMO currently contracts with a temp. agency for a part-time Administrative Assistant and has been determined as a much-needed support function for the organization.
- \$5k was added to the CEO salary to reflect the current CEO salary.
- The CEO Incentive budget for FY 2021/22 was eliminated as a recognition of the challenges associated with COVID-19. The CEO position will continue focus on sales efforts and performance targets and the continued development of organization policies and processes. The Incentives budget will be re-evaluated for FY 2022/23. The Administrative Assistant does not earn incentive.
- Benefits budget was reduced by \$61k as only health benefits are offered at this time.
- \$23k was added for Payroll Taxes and employee cell phone stipends.

Proposed Non-Personnel budget changes:

- Contract Services includes budget for HR, fiscal, legal, payroll, professional, IT and audit services. Overall, the Payroll budget was reduced by \$11k which helped to offset a \$4k increase for legal and the addition of \$60k for a new professional services contract with JLL. \$5k was added to the Audit budget and moved from Operating Supplies to Contract Services.
- Operating supplies budget includes costs to purchase four new computers. In the current adopted budget, these costs were approved as one-time expenditures rather than included in the operating budget.
- \$17k was added to Subscription Services for the DMO current Customer Relationship Management (CRM) system and Destination Internationals Event Impact Calculator.

Contingency

The DMO budget includes a contingency line item to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administrative or renewal costs at the discretion of the DMO Board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund will be developed and set by the DMO Board. Contingency funds may be spent on unanticipated short-term district programs or administrative and renewal costs in such proportions as determined by the DMO Board and may be used for the costs of renewing the SCTID.

Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance
Contingency	\$50,000	\$15,000	(\$35,000)

City Administration

In FY 2021/22, the City of Santa Clara will be paid a fee equal to 2% of the amount of the assessment collected to cover its costs of collection and administration which may include but are not limited to: staffing costs, legal services, and operational costs for rent, telephone, supplies, postage, and other general office expenses.

Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance
City Administration Fee	\$3,000	\$12,219	\$9,219

The proposed budgeted was calculated using the FY 2021/22 projected revenue amount of \$610,936 as indicated in the SCTID Management District Plan. This amount will vary depending on the actual revenue received.

Attachments:

- A. DMO FY 2021/22 Proposed Budget
- B. DMO FY 2021/22 Proposed Budget Detail

ATTACHMENT A

DMO FY 2021/22 Proposed Budget			
Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance
CONVENTION SALES, INCENTIVES & SERVICES			
Personnel	\$ 325,000	\$ 397,255	\$ 72,255
Salary	\$ 152,500	\$ 277,500	\$ 125,000
1.0 FTE Director of Sales	\$ -	\$ 97,500	\$ 97,500
1.0 FTE Sales Manager	\$ -	\$ 90,000	\$ 90,000
1.0 FTE Sales Manager	\$ -	\$ 90,000	\$ 90,000
Incentives	\$ 97,500	\$ 69,375	\$ (28,125)
Benefits	\$ 75,000	\$ 27,060	\$ (47,940)
Health	\$ 75,000	\$ 26,400	\$ (48,600)
401K Fee	\$ -	\$ 660	\$ 660
Payroll Taxes	\$ -	\$ 22,000	\$ 22,000
Other-Cell Phone Stipend	\$ -	\$ 1,320	\$ 1,320
Convention Sales, Incentives & Services Expenses	\$ 164,160	\$ 155,698	\$ (8,462)
Memberships	\$ -	\$ 2,825	\$ 2,825
Professional Convention Management Association (PCMA)	\$ -	\$ 1,000	\$ 1,000
Meeting Professional International (MPI)	\$ -	\$ 1,125	\$ 1,125
California Society of Association Executives (Cal SAE)	\$ -	\$ 700	\$ 700
Subscription Services	\$ 2,500	\$ 31,473	\$ 28,973
CVENT	\$ -	\$ 31,473	\$ 31,473
Client Incentives	\$ 64,160	\$ 50,000	\$ (14,160)
Conferences and Tradeshows	\$ 25,000	\$ 8,900	\$ (16,100)
MPI ACE/WEC	\$ -	\$ 1,500	\$ 1,500
CALSAE	\$ -	\$ 2,400	\$ 2,400
CONNECT	\$ -	\$ 5,000	\$ 5,000
IMEX	\$ -	\$ -	\$ -
Support Services	\$ 57,500	\$ 42,500	\$ (15,000)
Site Tours	\$ 19,000	\$ 5,000	\$ (14,000)
Familiarization Trips	\$ 19,500	\$ 20,000	\$ 500
Client Events	\$ 19,000	\$ 17,500	\$ (1,500)
Travel & Entertainment	\$ 15,000	\$ 20,000	\$ 5,000
TOTAL CONVENTION SALES, INCENTIVES & SERVICES	\$ 489,160	\$ 552,953	\$ 63,793
MARKETING & COMMUNICATIONS			
Personnel	\$ 90,000	\$ -	\$ (90,000)
Salary	\$ 63,000	\$ -	\$ (63,000)
Benefits	\$ 27,000	\$ -	\$ (27,000)
Marketing Expenses	\$ 110,000	\$ 175,000	\$ 65,000
Contract Services	\$ 60,000	\$ 150,000	\$ 90,000
Marketing Services	\$ -	\$ 100,000	\$ 100,000
Branding	\$ -	\$ 28,000	\$ 28,000
Website	\$ -	\$ 22,000	\$ 22,000
Advertising & Promotions	\$ -	\$ 25,000	\$ 25,000
Website	\$ 50,000	\$ -	\$ (50,000)
Website maintenance	\$ 24,000	\$ -	\$ (24,000)
Development	\$ 26,000	\$ -	\$ (26,000)
TOTAL MARKETING & COMMUNICATIONS	\$ 200,000	\$ 175,000	\$ (25,000)
ADMINISTRATION			
Personnel	\$ 354,900	\$ 328,372	\$ (26,528)
Salary	\$ 210,000	\$ 285,000	\$ 75,000
1.0 FTE CEO	\$ 210,000	\$ 215,000	\$ 5,000
1.0 FTE Administrative Assistant	\$ -	\$ 70,000	\$ 70,000

DMO FY 2021/22 Proposed Budget

Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance
Incentives	\$ 63,000	\$ -	\$ (63,000)
Benefits	\$ 81,900	\$ 20,806	\$ (61,094)
Health	\$ 81,900	\$ 20,366	
401K Fee	\$ -	\$ 440	\$ 440
Payroll Taxes	\$ -	\$ 21,606	\$ 21,606
Other-Cell Phone Stipend	\$ -	\$ 960	\$ 960
Administrative Expenses	\$ 150,000	\$ 206,458	\$ 56,458
Contract Services	\$ 80,000	\$ 155,876	\$ 75,876
Human Resources	\$ 30,000	\$ 30,000	\$ -
Fiscal	\$ 15,000	\$ 17,000	\$ 2,000
Legal	\$ 20,000	\$ 24,000	\$ 4,000
Payroll	\$ 15,000	\$ 4,500	\$ (10,500)
Professional Services	\$ -	\$ 60,000	\$ 60,000
IT	\$ -	\$ 5,376	\$ 5,376
Audit	\$ -	\$ 15,000	\$ 15,000
Operating Supplies	\$ 20,000	\$ 24,400	\$ 4,400
Audit	\$ 10,000	\$ -	\$ (10,000)
Network Support	\$ 5,000	\$ -	\$ (5,000)
Purchased Goods & Services	\$ 5,000	\$ -	\$ (5,000)
Office supplies	\$ -	\$ 5,000	\$ 5,000
Software Licenses	\$ -	\$ 3,500	\$ 3,500
Postage	\$ -	\$ 300	\$ 300
Computers-Hardware	\$ -	\$ 15,600	\$ 15,600
Insurance	\$ 50,000	\$ 8,610	\$ (41,390)
Workers Comp	\$ -	\$ 3,078	\$ 3,078
Business Owners Liability & Property	\$ -	\$ 1,597	\$ 1,597
Professional Cyber Liability	\$ -	\$ 1,839	\$ 1,839
Management Liability	\$ -	\$ 2,096	\$ 2,096
Memberships	\$ -	\$ 1,047	\$ 1,047
Destinations International	\$ -	\$ 1,047	\$ 1,047
Subscription Services	\$ -	\$ 16,525	\$ 16,525
CRM System (Simpleview)	\$ -	\$ 8,200	\$ 8,200
Annual Subscription	\$ -	\$ 6,000	\$ 6,000
Add-Ons	\$ -	\$ 2,200	\$ 2,200
Destinations International	\$ -	\$ 7,725	\$ 7,725
Trade Journals/Newspapers	\$ -	\$ 600	\$ 600
TOTAL ADMINISTRATION	\$ 504,900	\$ 534,830	\$ 29,930
Contingency	\$ 50,000	\$ 15,000	\$ (35,000)
City Administration Fee	\$ 3,000	\$ 12,219	\$ 9,219
TOTAL OPERATING BUDGET	\$ 1,247,060	\$ 1,290,002	\$ 42,942

ATTACHMENT B

DMO FY 2021/22 Proposed Budget - Detail

Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance	
CONVENTION SALES, INCENTIVES & SERVICES				
Personnel	\$ 325,000	\$ 397,255	\$ 72,255	
Salary	\$ 152,500	\$ 277,500	\$ 125,000	Addition of 1.0 sales manager to further support sales efforts and proposed sales performance targets.
1.0 FTE Director of Sales	\$ -	\$ 97,500	\$ 97,500	This position would start in October. Full year salary is \$130,000.
1.0 FTE Sales Manager	\$ -	\$ 90,000	\$ 90,000	This position would start July 1 and a higher base with lower incentives. This is a competitive industry base salary and incentive pay is also an industry standard for sales positions.
1.0 FTE Sales Manager	\$ -	\$ 90,000	\$ 90,000	This position would start July 1 and a higher base with lower incentives. This is a competitive industry base salary and incentive pay is also an industry standard for sales positions.
Incentives	\$ 97,500	\$ 69,375	\$ (28,125)	Incentives are capped at 25% of base salary - Incentives process, performance based incentives/sales performance plans to be developed and approved by the Board prior to the expenditure of any Incentive funds. Incentives are not paid out to employees until KPIs are met.
Benefits	\$ 75,000	\$ 27,060	\$ (47,940)	Benefits were previously budget at approximately 30%. The proposed budget only recognizes health benefits.
Health	\$ 75,000	\$ 26,400		Benefits were previously budget at approximately 30%. The proposed budget only recognizes health benefits.
401K Fee	\$ -	\$ 660	\$ 660	This is a fee to set up 401K plan, budgeted in preparation for potential employee offering in FY 2021/22.
Payroll Taxes	\$ -	\$ 22,000	\$ 22,000	
Other-Cell Phone Stipend		\$ 1,320	\$ 1,320	\$40/month x 2 staff x 12 months = \$960; \$40/month x 1 staff x 9 months = \$360
Convention Sales, Incentives & Services Expenses	\$ 164,160	\$ 155,698	\$ (8,462)	
Memberships	\$ -	\$ 2,825	\$ 2,825	Employee professional memberships.
Professional Convention Management Association (PCMA)	\$ -	\$ 1,000	\$ 1,000	\$485/person x 2 (CEO, DOS) + 3% = \$999.10
Meeting Professional International (MPI)	\$ -	\$ 1,125	\$ 1,125	\$545/person x 2 (DOS, SM) + 3% = \$1,122.70
California Society of Association Executives (Cal SAE)	\$ -	\$ 700	\$ 700	\$379 & \$299/person x 2 (DOS, SM) + 3% = \$698.34
Subscription Services	\$ 2,500	\$ 31,473	\$ 28,973	
CVENT	\$ -	\$ 31,473	\$ 31,473	For 2-Diamond listing lead generation system.
Business Development	\$ 64,160	\$ 50,000	\$ (14,160)	To be used used per the established TID subsidy process. In the year for the year spending / for business development, customer event support such as transportation.
Conferences and Tradeshows	\$ 25,000	\$ 8,900	\$ (16,100)	List of conference and tradeshows were reviewed and prioritized for the year.
MPI ACE/WEC	\$ -	\$ 1,500	\$ 1,500	Costs for staff registration as attendees to MPI events, not to host booth.
CALSAE	\$ -	\$ 2,400	\$ 2,400	Costs of registration, booth costs, set-up costs, shipping costs, etc.
CONNECT	\$ -	\$ 5,000	\$ 5,000	Costs of registration, booth costs, set-up costs, shipping costs, etc. (registration is \$4,450/per attendee for a show in Tampa, FL in late August, there is no expense for exhibiting as this is a reverse trade show/appointment show; attended by 1-person for year one.)
IMEX	\$ -	\$ -	\$ -	Staff participation as attendee. Per www.imexamerica.com/register , attendee registration is free of charge and open to industry professionals who work in meetings, events and incentive travel industry.
Support Services	\$ 57,500	\$ 42,500	\$ (15,000)	
Site Tours	\$ 19,000	\$ 5,000	\$ (14,000)	Costs to bring in clients to tour the Center: local transportation, food and beverage, venue rental, etc.
Familiarization Trips	\$ 19,500	\$ 20,000	\$ 500	Fam Trip: Hosted DMO events. DMO brings a select amount of customers, from a specific vertical/customer segment to the market where they can experience Santa Clara hotels, the Center, venues and attractions and to entertain and educate them on the destination. Estimate 2 events x 5 to 10 clients/event. Rooms and food & beverage are generally also hosted by the hotels and or attractions they are visiting. Additional contributions by hotels, attractions, etc. is an industry standard.
Client Events	\$ 19,000	\$ 17,500	\$ (1,500)	Client Event: Hosted DMO event at a location that customers come to; usually with a primary purpose to entertain and thank clients for their business/future business; estimated 1 event x < 20 clients.
Travel & Entertainment	\$ 15,000	\$ 20,000	\$ 5,000	Covers costs for employee and client entertainment for attendance at the four tradeshows as listed above and for sales trips as needed - Including airfare, hotel, food per diem, mileage, and related client per diem business entertainment costs.
TOTAL CONVENTION SALES, INCENTIVES & SERVICES	\$ 489,160	\$ 552,953	\$ 63,793	

DMO FY 2021/22 Proposed Budget - Detail

Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance	
MARKETING & COMMUNICATIONS				
Personnel	\$ 90,000	\$ -	\$ (90,000)	Elimination of 1 FTE marketing manager in exchange for increase in Contract Services.
Salary	\$ 63,000	\$ -	\$ (63,000)	
Benefits	\$ 27,000	\$ -	\$ (27,000)	
Marketing Expenses	\$ 110,000	\$ 175,000	\$ 65,000	
Contract Services	\$ 60,000	\$ 150,000	\$ 90,000	
Marketing Services	\$ -	\$ 100,000	\$ 100,000	In the process of identifying professional marketing firm. Levy and Spectra will contribute to the agreement cost (\$30,000 and \$36,000) for a total amount of \$166,000 available annually.
Branding	\$ -	\$ 28,000	\$ 28,000	Branding development costs for "Discover Santa Clara".
Website	\$ -	\$ 22,000	\$ 22,000	Costs related to update current and/or create new "Discover Santa Clara" website.
Advertising & Promotions	\$ -	\$ 25,000	\$ 25,000	Hard costs for collateral expenses related to marketing, giveaways, advertising, banners, digital marketing, etc., translation, design services, etc.
Website	\$ 50,000	\$ -	\$ (50,000)	Line item moved under Contract Service
Website maintenance	\$ 24,000	\$ -	\$ (24,000)	Line item moved under Contract Service
Development	\$ 26,000	\$ -	\$ (26,000)	Line item moved under Contract Service
TOTAL MARKETING & COMMUNICATIONS	\$ 200,000	\$ 175,000	\$ (25,000)	
ADMINISTRATION				
Personnel	\$ 354,900	\$ 328,372	\$ (26,528)	
Salary	\$ 210,000	\$ 285,000	\$ 75,000	
1.0 FTE CEO	\$ 210,000	\$ 215,000	\$ 5,000	Proposed budget is the current CEO's base salary.
1.0 FTE Administrative Assistant	\$ -	\$ 70,000	\$ 70,000	Addition of 1 FTE Administrative Assistant position.
Incentives	\$ 63,000	\$ -	\$ (63,000)	Forgo CEO for FY 2021/22 and re-evaluate for FY 2022/23; Administrative Assistant does not have incentives.
Benefits	\$ 81,900	\$ 20,806	\$ (61,094)	Benefits were previously budget at approximately 30%. The proposed budget only recognizes health benefits.
Health	\$ 81,900	\$ 20,366		Benefits were previously budget at approximately 30%. The proposed budget only recognizes health benefits.
401K Fee	\$ -	\$ 440	\$ 440	This is a fee to set up 401K plan, budgeted in preparation for potential employee offering in FY 2021/22.
Payroll Taxes	\$ -	\$ 21,606	\$ 21,606	
Other-Cell Phone Stipend	\$ -	\$ 960	\$ 960	\$40/month x 2 staff x 12 months = \$960
Administrative Expenses	\$ 150,000	\$ 206,458	\$ 56,458	
Contract Services	\$ 80,000	\$ 155,876	\$ 75,876	
Human Resources	\$ 30,000	\$ 30,000	\$ -	HR-related administrative functions: recruitment, hiring and on-boarding coordination, policy development, compliance, etc.
Fiscal	\$ 15,000	\$ 17,000	\$ 2,000	Fugate Business Solutions = \$6,800; City Fiscal Sponsorship amount = \$9,487.20 (FY 2020/21 Rate) x 3% = \$9771.82; Total = \$16,572
Legal	\$ 20,000	\$ 24,000	\$ 4,000	Current service agreement with Thoits Law.
Payroll	\$ 15,000	\$ 4,500	\$ (10,500)	Paid directly out of Wells Fargo account - Employees for ADP payroll & HR plus; Employees 3-4 = \$150.95/pay period, additional = \$3.25/pay period: \$154.20 x 26 pay periods = \$4,009.20, plus W-2 fees, etc.
Professional Services	\$ -	\$ 60,000	\$ 60,000	JLL Agreement for ongoing organizational and leadership development.
IT	\$ -	\$ 5,376	\$ 5,376	Smart City
Audit	\$ -	\$ 15,000	\$ 15,000	Costs related to completion of annual audit requirements.
Operating Supplies	\$ 20,000	\$ 24,400	\$ 4,400	Line item was previously labelled Miscellaneous.
Audit	\$ 10,000	\$ -	\$ (10,000)	Line item was moved under Contract Services.
Network Support	\$ 5,000	\$ -	\$ (5,000)	
Purchased Goods & Services	\$ 5,000	\$ -	\$ (5,000)	
Office supplies	\$ -	\$ 5,000	\$ 5,000	
Software Licenses	\$ -	\$ 3,500	\$ 3,500	Microsoft Office 365 = \$600; Adobe, Copytrans = \$640; Zoom = \$2,000
Postage	\$ -	\$ 300	\$ 300	
Computers-Hardware	\$ -	\$ 15,600	\$ 15,600	Estimated cost of \$3,900 x 4 staff
Insurance	\$ 50,000	\$ 8,610	\$ (41,390)	CEO confirmed FY 2021/22 costs with Vantreo.
Workers Comp	\$ -	\$ 3,078	\$ 3,078	
Business Owners Liability & Property	\$ -	\$ 1,597	\$ 1,597	
Professional Cyber Liability	\$ -	\$ 1,839	\$ 1,839	

DMO FY 2021/22 Proposed Budget - Detail

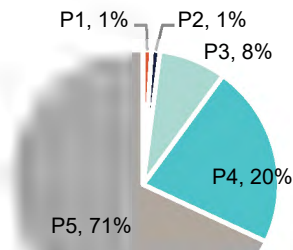
Budget Item	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2021/22 Variance	
Management Liability	\$ -	\$ 2,096	\$ 2,096	
Memberships	\$ -	\$ 1,047	\$ 1,047	
Destinations International	\$ -	\$ 1,047	\$ 1,047	Supports cost for currently existing organizational membership.
Subscription Services	\$ -	\$ 16,525	\$ 16,525	
CRM System (Simpleview)	\$ -	\$ 8,200	\$ 8,200	Supports costs for centralized Customer Relations Management (CRM) System used/accessible to DMO, Spectra, Levy and TID Hotels.
Annual Subscription	\$ -	\$ 6,000	\$ 6,000	CRM monthly user fee: \$200/month for 1st user; \$100/month for additional users: 4 users.
Add-Ons	\$ -	\$ 2,200	\$ 2,200	Ongoing EIC and CVENT Integration costs.
Destinations International	\$ -	\$ 7,725	\$ 7,725	Event Impact Calculator (EIC) - industry standard tool for measuring the economic impact - the level of the direct spending impact by groups attending events at the Center. Economic Impact is a KPI.
Trade Journals/Newspapers	\$ -	\$ 600	\$ 600	Silicon Valley Business Journal, LinkedIn, as needed.
TOTAL ADMINISTRATION	\$ 504,900	\$ 534,830	\$ 29,930	
Contingency	\$ 50,000	\$ 15,000	\$ (35,000)	Use of contingency funds for unanticipated program needs or other purposes requires Board approval.
City Administration Fee	\$ 3,000	\$ 12,219	\$ 9,219	This amount will vary as it is dependent on the amount collected.
TOTAL OPERATING BUDGET	\$1,247,060	\$1,290,002	\$ 42,942	

Performance Measures

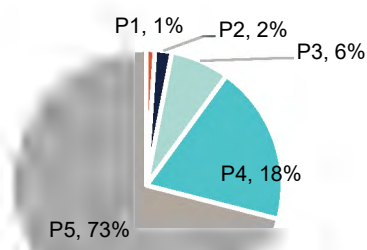
	2021/22 Target	2022/23 Target
1. Event Mix (Consumed)		
Percent of P1 Events ¹	1%	2%
Number of P1 Events	1	3
Percent of P2 Events ²	2%	4%
Number of P2 Events	2	6
2. Number of Definite Events Booked (booked in the year for future years)		
Number of P1 Events	3	5
Number of P2 Events	6	11
3. Convention Center Gross Revenue (P1 & P2)	\$876,000	\$2,850,000
4. Number of Room Nights Booked (for future years)	9,375	16,438
5. Number of Room Nights Consumed	3,125	9,375
6. Number of Weeks Impacted (Consumed)	3	9
7. Customer Service Survey Results (overall satisfaction)	85%	85%
8. Number of Prospects ³ (active)	770	300
9. Economic Impact ⁴ (Consumed P1 and P2 events)	\$2,010,649	\$6,031,943

Santa Clara Convention Center Event Mix

FY 2021/22 (211 events)



FY 2022/23 (374 events)



¹ Priority 1 (P1) event – Large multi-day convention and/or conference that utilizes all venue space at the Convention Center, utilizes significant venue services such as food and beverage, audio-visual and information technology, and draws a substantial number of out of town visitors that stay in multiple Santa Clara hotels.

² Priority 2 (P2) event – Primarily large multi-day convention and/or conference that utilizes most of the venue space at the Convention Center, utilizes venue services such as food and beverage, audio-visual and information technology, and draws out of town visitor that stay in multiple Santa Clara hotels.

³ A prospect is a potential customer who has been contacted and qualified by the sales team as having desirable criteria for an event in Santa Clara such as: size of event fits in the venue, there is a history of hotel needs that can be provided by Santa Clara hotels, and they have expressed interest in holding an event in Santa Clara.

⁴ Economic impact is the amount of additional direct spending that occurs in the community by out of town and local attendees of events at the Convention Center. For example, when Convention Center event attendees come to Santa Clara, they create economic activity through spending on items such as hotels, restaurants, retail stores and visitor attractions.