



Santa Clara

Tourism Improvement District
FY 2021/22 Annual Report

THINK BIG. LOOK FORWARD.

April 28, 2022

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INTRODUCTION

The FY 2021/22 Annual Report was prepared by Silicon Valley/Santa Clara DMO, Inc. (DMO) as the Owner's Association for the Santa Clara Tourism Improvement District (SCTID) hotels. This report is unaudited and, therefore, subject to change.

The Santa Clara City Council approved a strategic direction for the composition of the DMO Board of Directors. This included having representation from the City of Santa Clara, the Santa Clara Tourism Improvement District (SCTID) Hotels, Organized Labor, Key Attraction partners (Great America and Levi's® Stadium) and representation from the Tech Industry and the overall business community.

The Board has been constituted according to this direction. There has been a challenge securing a representative from the Tech industry as well as finding a replacement for the departed business community representative. Due to Board Members relocating, there are currently open board positions, including a representative from the SCTID hotels, the business community member and representation from the Tech industry.

Fiscal Year 2021/22 has continued to be a transitional year for the DMO that included bringing on more sales and marketing resources to support the achievement of the designated KPI's. While it is important to note that there has been progress in the early identification of potential larger conventions that could be a match for Santa Clara, the team continued to face challenges brought on by COVID-19 regulations and restrictions on travel and large events. This past calendar year, the team was able to secure a large event, but unfortunately due to the pandemic, was not actualized.

Keeping these challenges in mind, the DMO sales team has been proactive in attending industry events for visibility and using digital resources such as CVENT and the Knowland Insight tool to aggressively prospect and research future business.

There has been a concerted effort to re-establish and re-introduce Santa Clara as a premiere destination with the development of a new brand -- Discover Santa Clara™ -- and strategy, new website, a social media strategy, a sales and marketing plan and direct targeted efforts on meeting and event planners. The DMO looks forward to continued growth and partnerships in becoming a world class destination for innovation, collaboration, and exchange of ideas in Silicon Valley.

ACCOMPLISHMENTS

Convention Sales, Incentives and Services

- Hired two sales managers to focus on Citywide (P1 and P2) conventions/events.
- Added a temporary part-time administrative position to support the effectiveness of the Simpleview Customer Relationship Management (CRM) software.
- Developed the FY 2022/23 Sales & Marketing Plan to solidify an approach to raising awareness with the targeted audience.
- Developed a new comprehensive employee handbook.
- Disestablished the Santa Clara Tourism Improvement District's (SCTID) corporation "Visit Santa Clara" in line with completing the overall transition to the current District.
- Began recruitment efforts for the CEO and new Administrative Services Manager position.
- Attended industry events including regional Professional Convention Management Association (PCMA) and Meeting Professionals International (MPI) events to raise awareness with meeting planners in the region.
- Installed Knowland Group software, a lead source database, that has shown success in supporting the sales manager's prospecting efforts.
- Enhanced the CVENT platform to strengthen the effectiveness of a recognized industry lead generation tool.
- Introduced a new incentive plan designed to recognize exceptional performance by the sales teams and CEO.
- Managed the transition to Simpleview Customer Relationship Management (CRM) to streamline sales efforts and automate reports:
 - Identified target market segments for the sales team.
 - Implemented Destinations International Event Impact Calculator (EIC).
 - Implemented new extranet procedures to centralize communication and strengthen relationships with hotel partners, including collecting room night pickups, sending leads, updating contacts, hotel surveys, and providing training.
- Updated the Hotel Room Block and Rate Survey to create an alignment with the SCTID hotels and Discover Santa Clara™ sales effort.

Marketing and Communications

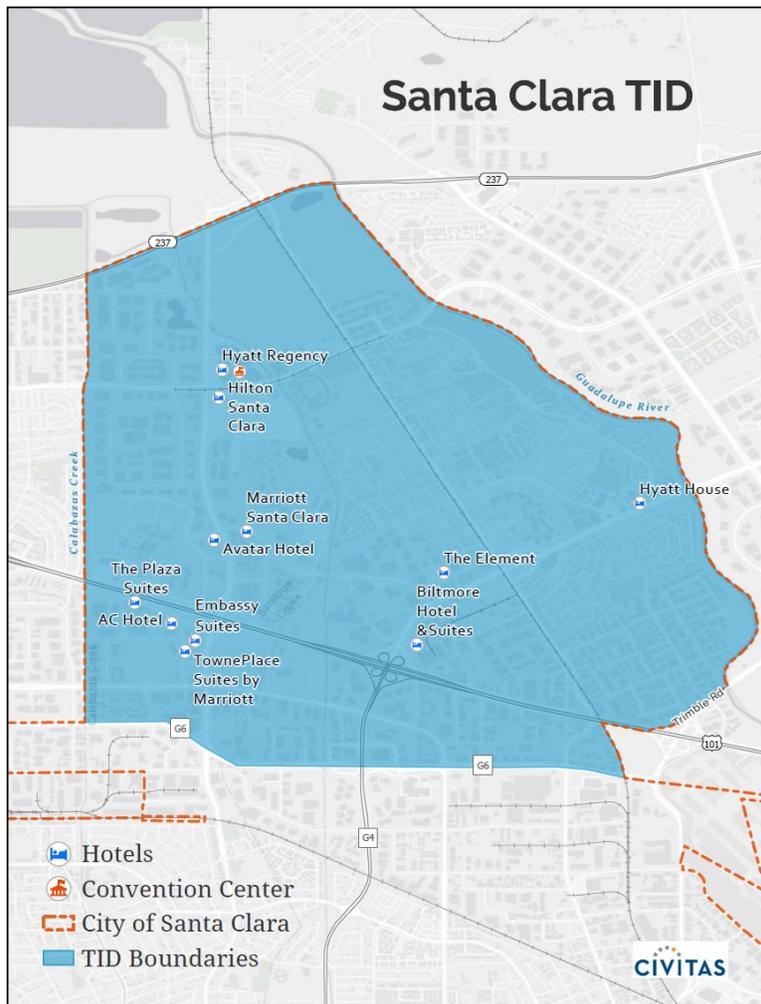
- Creation of a new destination brand to support a consistent look and feel for outreach.
- Developed Discover Santa Clara™ Brand Toolkit.
- Created brand standards with new language and tag line to drive awareness, consistency and differentiation within the meetings and convention market.
- Established a new website with added content that aligns with the new brand.
- Executed a customer activation mail campaign for Valentine's Day and received great response from targeted customers.

BOUNDARY

The SCTID will include all lodging businesses with ten (10) rooms or more, existing and in the future, available for public occupancy within the boundaries of a portion of the city of Santa Clara. The boundary, as shown in the map below, currently includes eleven (11) lodging businesses. There are no proposed changes.

Two lodging businesses changed ownership and name:

- The Biltmore Hotel & Suites is now a Delta Hotel by Marriott
- The Plaza Suites is now the Hyatt Centric Silicon Valley



IMPROVEMENTS AND ACTIVITIES

The improvements and activities to be provided for FY 2022/23 are consistent with the Management District Plan. There are no proposed changes.

Sales and Marketing Plan

The recently completed FY 2022/23 Sales and Marketing Plan will promote the Santa Clara Convention Center, along with 11 SCTID Hotels in Santa Clara as the meetings and event destination. The Plan's main objective includes promoting Santa Clara as a desirable place for overnight visits, with the overall goal of increasing revenue to the Santa Clara Convention Center, overall economic impact to the city, and generating overnight visitation and room night sales for the SCTID hotels. The following are highlights of the ongoing activities:

Convention Sales, Incentives and Services

- Collective DMO, OVG360 and Levy teams will continue to meet bi-weekly and work together to identify potential business and strategize on securing citywide groups.
- Continue data mining the industry using multiple research platforms to generate new prospects for citywide businesses in the vertical markets by making solicitation calls, reviewing other center calendars, and leveraging industry event participation.
- Network with industry professionals by attending designated events and providing the latest destination development updates and reasons to bring meetings to Santa Clara.
- Organize and host site visits at the Santa Clara Convention Center for key decision-makers, prospective new clients, boards of directors, site committees, tradeshow management committees and executive boards.

Marketing and Communication

- Generate communications via social and direct e-mail marketing targeting new and existing clients.
- Develop materials to promote the Santa Clara Convention Center and Santa Clara at all planned industry shows.
- Develop strategic client events to provide an opportunity to showcase convention center updates, and other destination developments.
- Develop innovative approaches to engage key partners in enhancing the attendee experience while attending a conference at the Santa Clara Convention Center. These partners include Great America and Levi's® Stadium to name just a few.
- Support and keep clients informed of COVID-19 protocols that may affect their events at the Santa Clara Convention Center.
- Extend incentives on rental rates for post COVID-19 events may need further negotiations to maintain business.
- Continue to engage Levy in the selling process to showcase creativity and innovation in

Food and Beverage offerings.

- Develop and market an innovative approach for floor plan layouts. This approach will transform the options that planners have for breakout sessions, general sessions, and exhibits. This will be administered in a cost-effective manner that will create options not yet seen at competing convention centers and designed to improve the overall learning and level of participation for attendees.

Administration and Operations

The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, advocacy, and other general administrative costs such as insurance, legal, and accounting fees.

Contingency

The 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, administration, or renewal costs at the discretion of the DMO Board of Directors. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board of Directors of the DMO.

City Administration Fee

The City of Santa Clara shall be paid a fee equal to 2% of the amount of 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.

COST

The overall approach to the FY 2022/23 Proposed Operating Budget was to continue to monitor expenses and ensure a maximum return on investment for all budgeted expenditures. In addition, the budgeted funds are designed to maximize the opportunities to effectively raise awareness of Santa Clara in the Meetings and Convention industry. An aggressive marketing plan is contemplated that is designed to increase Santa Clara’s stature and recognition with the key decision makers.

In addition, an increase in resources and personnel is budgeted to continue to improve the DMO’s administrative functionality, including consistency in operations, ongoing effectiveness in financial reporting, policy development and Human Resource administration.

While the fund allocation is designed to move the overall organization forward, it has been developed to also ensure the reserve policy is adhered to, as outlined in the City contract, and overseen by the City and Board of Directors.

FY 2022/23 Proposed Operating Budget Summary

PROGRAM	FY 2022/23 Proposed
CONVENTION SALES, INCENTIVES & SERVICES	\$ 607,274
MARKETING & COMMUNICATIONS	\$ 203,048
ADMINISTRATION	\$ 822,593
CONTINGENCY	\$ 35,239
CITY ADMINISTRATION FEE	\$ 23,429
TOTAL OPERATING BUDGET	\$ 1,691,583

The full FY 2022/23 Proposed Operating Budget is included as Attachment A.

SURPLUS AND OTHER FUNDING

Surplus

The beginning FY 2021/22 fund balance was \$1.47 million, and the FY 2021/22 ending fund balance is estimated at \$1.7 million. This includes projected FY 2021/22 SCTID revenue of \$800,000 (Initially projected at \$610,936. Based on the increased SCTID assessment revenues received during the first two quarters, it is expected that the revenue will be higher than initially anticipated), marketing contributions from OVG360 and Levy in the amount of \$66,000, \$36,000 OVG360 and \$30,000 Levy, respectively and an operating surplus of approximately \$700,000.

ASSESSMENT

The annual assessment rate is 1.5% on gross short-term (30 days or less) room rentals (10 rooms or more). Based on the benefit received, assessments will not be collected on stays by any officer or employee of a foreign government who is exempt by reason of express provision of Federal law or international treaty. Additionally, assessments will not be collected on stays by any Federal or State of California officer or employee on official business who shall provide one of the following; a warrant or check drawn on the Treasury of the United States; a copy of the official travel orders indicating the issuing governmental agency and the employee’s full name; or, a copy of a letter on the official letterhead of an exempt governmental agency requesting exemption and listing the employee’s name and stating that the stay is for official government business. The dates of occupancy must also be included.

The DMO Board proposes to increase the SCTID assessment rate to 2.0%. This is supported by the SCTID Hotels and is based on the goal of maximizing resources that are available to promote and support Santa Clara’s success as a desirable meetings and convention destination. It was also determined that the increase in the assessment rate will not have a material impact on Santa Clara from an overall competitive standpoint.

The projected SCTID revenue for FY 2022/23 is \$1.17 million.

Santa Clara Tourism Improvement District Revenue (unaudited)

Actual FY 2019/20	Actual FY 2020/21	Estimated FY 2021/22*	Forecasted FY 2022/23
\$582,566	\$185,424	\$800,000	\$1,174,623

*Initially estimated at \$610,936. Based on the increased SCTID assessment revenues received during the first two quarters, it is estimated that the revenue will be higher than initially anticipated.