

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

March 26, 2019,

Honorable Mayor and City Council,

The following is a brief descriptive of the Santa Clara Tourism Improvement District (SCTID), it's purpose and 2018/2019 fiscal year report.

The TID was established in 2004 as a marketing revenue supplement to assist the Santa Clara Convention and Visitors Bureau (CVB) with marketing the City of Santa Clara to hotel and convention center groups and visitors.

Each participating hotel is assessed \$1.00 per occupied room night. This assessment funds the TID. The TID is composed of nine (9) Santa Clara hotels that surround the Santa Clara Convention Center. They include the Avatar Hotel, Biltmore Hotel & Suites, Embassy Suites, Hilton Santa Clara, Hyatt House, Hyatt Regency, Marriott Santa Clara, The Plaza Suites, and TownePlace Suites by Marriott.

The SCCTID's strategy does include maintaining reserves. These reserves serve several purposes: 1. To cover future subsidies: The SCCTID has offset Santa Clara Convention Center rental fees, transportation and rebates in the past. As contracts are signed long in advance these offsets often cross over fiscal years and require funds be set aside to ensure the solvency of the organization. 2. The stream of the funding is dependent upon the performance of the industry: As the funding assessment currently in place is \$1 per room occupied, swings in occupancy linked to economic conditions is an ever-present threat. While perhaps somewhat counter-intuitive, promotions, direct sales efforts and potential offsets may be augmented during periods of low demand and require the accumulation of funding to be able to carry-out these activities.

2018/2019 fiscal, while not over, has been a tough transitional year for the Santa Clara Tourism Improvement District. The de-funding of the convention and visitors bureau and later removal of the Santa Clara Chamber of Commerce as management organization responsible for carrying out the activities outlined in the SCTID budget lead to the suspension of all marketing, promotions, and direct sale effort; this with exception to maintaining some of the essential electronic assets and participation in two tradeshow.

*The SCTID supported the addition of three sales positions at the Santa Clara Convention and Visitors Bureau, total also includes

The SCTID still has outstanding payables of \$61,185 in submitted invoices for labor subsidies reimbursements* to the Santa Clara Chamber of Commerce held by the City of Santa Clara from payment, and an additional estimated \$94,000 from Destination Advantage for maintaining the digital assets and organizing the CALSAE and PCMA sales tradeshow.

TID funds held in reserves were repatriated to the City of Santa Clara in the last quarter of calendar 2018 and, on the advice of the City Attorney are “frozen” until September 2019. As of February 2019, restricted and unrestricted funds total \$977,028 (does not reflect Destination Advantage and any outstanding subsidy liabilities for contracted groups).

As we look into 2019/2020 fiscal, much is undetermined. First and foremost, questions relative to the rebirth of a CVB like organization’s structure must be answered as well as funding mechanisms and oversight.

Eron Hodges
Board Chair
Santa Clara Tourism Improvement District

cc:
Deanna J. Santana, City Manager
City Clerk
Angela Kraetsch, Director of Finance