

City Council Meeting

Item #8. Update and Action on the Formation of a New Destination Marketing Organization (DMO) Entity and Appointment of a Board of Directors

May 21, 2019



Destination Marketing Organization

- New entity will be incorporated as a California nonprofit mutual benefit corporation and obtain designation as a 501(c)(6) nonprofit organization.
- Identified need for non-profit corporate attorney separate from the City organization
- Attorney will advise on:
 - -articles of incorporation,
 - -hiring of the Executive Director and Board training needs,
 - -vetting of conflict of interest for the board members, and
 - -any other legal need to ensure the Board properly functions (e.g., proper use of public funds)

POST MEETING MATERIAL



Appointment of the Board of Directors



Considerations

- Since the April 9, 2019 Council meeting, additional discussion and requests regarding the Board has prompted the need to consider a slightly different composition.
- Hotels/TID Requested additional hotel representation / Addition of a third seat or the allocation of the "Other" slot.
- Organized Labor Requested additional representation equal to that of the hotels, businesses represented, and SCSA/Other category / Addition of a second seat or allocation of the "Other" slot.



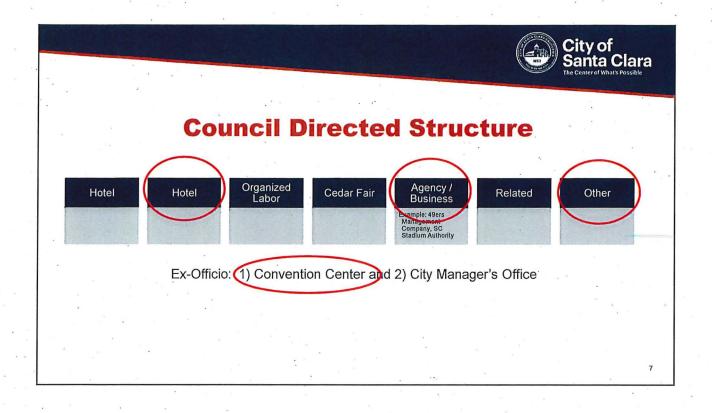
Considerations (cont.)

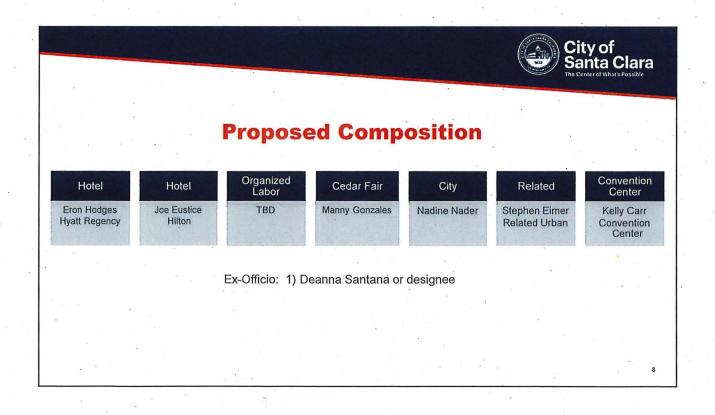
- Convention Center (Spectra) Requested voting position / As the focal venue for the marketing and sales efforts of the CVB; have significant interest in its success.
- SCCA / "Other" Given that City Councilmembers are also members of the SCSA Board, and if they would also participate on the DMO Board, the member would have a conflict of interest on matters presented to Council related to the DMO, including a contract for funding.



Proposed Configuration

- Accommodates the interests of both the Hotels and Organized Labor, and the valid interest in balanced representation of stakeholder interest.
- Addresses the potential conflict of interest if a City
 Councilmember were appointed, by re-designating the SCSA slot
 as a City slot and assigning a City staff member with some
 background in this area.
- Changes the Convention Center seat from an Ex-Officio to a voting member and assigns Spectra the "Other" slot.
- Configuration is seven voting members and one Ex-Officio.







NEXT STEPS



Next Steps

- Secure services of an attorney
- Continued formation of the new entity under the oversight of the City Manager and consultant services (e.g., JLL)
- Following appointment of the Board of Directors, members will be evaluated for any conflicts of interests
- Board will convene for initial meeting to review/approve the mission and corporation bylaws
- Recruitment effort to hire Executive Director will begin
- City to develop performance measures for future operating agreement
- City and TID analysis on alternate method of collection of funds



Recommendations

➤ Direct the City Manager to proceed with the formation of a new DMO entity including causing the appointment of the initial Board of Directors as set forth in Table 1.