




**City Council Meeting**

**Item #3**  
**Santa Clara Tourism Improvement District**  
(RTC # 20-169)

**May 26, 2020**

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**City of Santa Clara**  
The Center of What's Possible

## **Background**

- Santa Clara TID was formed in 2005 pursuant to the Parking and Business Improvement Area Law of 1989
- Two-step process required for levying an assessment:
  1. Approval of the TID Annual Report and Adoption of a Resolution of Intention to levy and collect assessments and setting the date for a Public Hearing
  2. Hold Public Hearing to approve the levy of the Assessment.

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POST MEETING MATERIAL

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## Tourism Improvement District Annual Report Overview

*Budget Presentation*

May 26, 2020

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### Key Accomplishments



**2019/2020 has been a challenging yet productive year.**

- Funded administrative expenses for the formation of the new DMO
- Formation of the new DMO Board of Directors with guidance from Council.
- Identified and solicited bids for insurance coverage of the DMO operation.
- Execution of a hotel room block survey
- Development of a new Booking Strategy for the DMO and SCCC to follow jointly.
- Development of a year-1 budget for the DMO.
- Development of the recruitment materials for the executive search to begin for a new industry professional to be the CEO of the DMO - The DMO has finalized candidates.
- Development of an organizational chart for initial phase
- Identified sales and marketing programs for future planning
- Secured the Visit Santa Clara name
- Solidified a website maintenance agreement
- Successful feasibility of transitioning collection methodology from \$ to %

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## Budget Overview



In light of recent developments the TID and newly formed CVB have developed a budget for FY2020/2021, which was approved by both the TID and CVB boards.

### Budget Highlights

- Includes CEO coming on at beginning of fiscal year
- Includes the initial sales team with marketing support
- Initial focus on placing "priority one" business into the convention center.
- Multiple hotel usage
- Material Revenue to the SCCC
- Marketing resources to reintroduce key convention clients to Santa Clara and the SCCC.
- Full administrative functionality of the new DMO



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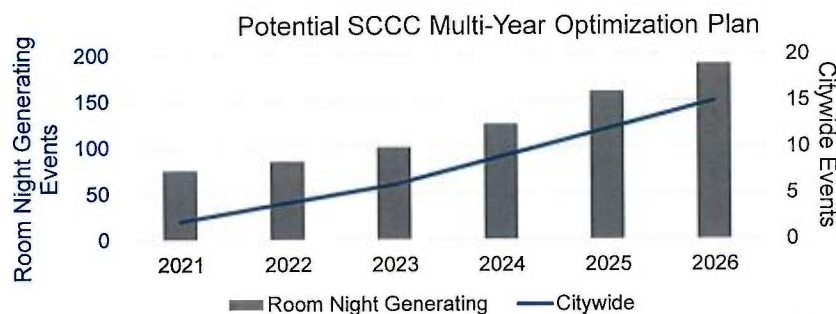
## Multi-year Plan to Optimize the Building



### Goal Setting

Growing the room night generating events and citywides will generate increased economic impact.

- Mix of business in the SCCC will shift to be focused on overnight business
- Growing to a minimum of 50% room night generating events could deliver 20,000+ new rooms on an annual basis
  - This potential equates to \$4 million in new rooms revenue and \$380,000 in new TOT collected annually\*
  - The shift in business mix could affect the SCCC's bottom line revenue



\*based on a \$200 market ADR - STR Source

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## Competing Facilities & Destinations



Surrounding regional facilities are active and competing for business.

Team San Jose sold  
40 citywide events  
at the SJMCC last year

Moscone Center  
hosts 50+ citywides  
annually

TID contributes  
\$3.5 million to a  
\$11 million annual  
budget\*

TID contributes  
\$24 million to a  
\$35 million annual budget\*

*While the industry resets for post COVID-19 operations, we can strategically capture business and reintroduce Santa Clara to our target markets.*

\*estimated

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## Importance of Sustainable Funding



\$1.6 million  
reserve balance



Year-1 Budget of  
\$1.25 million



Requires  
\$720,000 of  
reserves



Covid-19 Limits  
Collection  
\$600,000



Year-2 Budget Flat  
\$1.25 million



Year-2 Budget  
requires  
additional  
reserves



Reserve Balance  
Year-End  
\$295,250



**Funding Model  
Needs to be  
Sustainable for  
Success**

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## Questions?



*The TID Board thanks you for your time and consideration on our budget and the future of sales and marketing for the tourism and meetings industry in Santa Clara.*

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Santa Clara**  
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## Summary

- No change in current TID boundaries and includes 11 lodging businesses.
- The proposed assessment is to remain the same at \$1.00 per occupied room night.
- Total FY 2020/21 Proposed Operating Budget is \$1,244,060, with additional funds to support identified one-time costs, for a year 1 total of \$1,321,060.
  - Four staff, continued organizational development, start-up equipment and supplies, City administrative costs of \$3,000.
- Includes proposed FY 2021/22 at the same proposed assessment.

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## Next Steps

- May 26, 2020 – Approval of Annual Report and adoption of the Resolution of Intention for levy of Annual Assessment for the TID
- June 23, 2020 – Public Hearing
  - Businesses subject to the assessment can protest the levy
  - If oral or written protests are received from businesses located within the TID that pay 50% or more, TID assessment cannot be approved and cannot be considered for a period of one year.
- If approved on June 23<sup>rd</sup>, levy will be effective July 1<sup>st</sup>.

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## Recommendation

1. Approve the Annual Report for the Santa Clara Tourism Improvement District;
2. Adopt a Resolution of Intention to levy and collect assessments with the Santa Clara Tourism Improvement District for FY 2020/21 from hotel guests at the rate of \$1.00 per occupied hotel/motel room night.
3. Set the date for the Public Hearing for June 23, 2020.

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The seal of the City of Santa Clara, California, is circular. It features a central illustration of a mission building with a red roof and a bell tower, set against a blue sky with clouds and green grass. The year "1852" is inscribed below the building. The outer ring of the seal contains the text "CITY OF SANTA CLARA CALIFORNIA" at the top and "THE MISSION CITY" at the bottom, separated by small dots.

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