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Title: Action on Responses to City Council Questions related to the Performance Audit entitled “Santa Clara Convention Center and Convention-Visitors Bureau: Restructuring Operations Can Strengthen Accountability, Performance and Revenue”

Sponsors:

Indexes:

Code sections:

Attachments: 1. Convention Center and CVB Performance Audit, 2. List of Events/Groups Receiving Partial Facility Discounts, 3. List of Events/Groups Receiving Full Facility Discounts, 4. Commission and Incentive Pay, 5. Memo regarding SCCCPAC Filings for 2010 - 2014 dated 10/29/2018, 6. Memo regarding SCCCPAC Filings for 2015 - 2018 dated 10/31/2018, 7. November 13, 2018 FPCC Letter, 8. POST MEETING MATERIAL

| Date | Ver. | Action By | Action | Result |
|------------|------|---|----------|--------|
| 11/27/2018 | 1 | City Council and Authorities Concurrent | Approved | Pass |

REPORT TO COUNCIL

SUBJECT

Action on Responses to City Council Questions related to the Performance Audit entitled “Santa Clara Convention Center and Convention-Visitors Bureau: Restructuring Operations Can Strengthen Accountability, Performance and Revenue”

BACKGROUND

At the September 18, 2018 Council meeting, TAP International presented the analysis and findings of the performance audit entitled “Santa Clara Convention Center and Convention-Visitors Bureau: Restructuring Operations Can Strengthen Accountability, Performance and Revenue” (Attachment 1).

During the September 18 and October 9, 2018 Council meetings, Council requested additional information related to the audit.

DISCUSSION

In response to Council questions, this report transmits the requested information.

Question: *What groups received discounts and/or free facility rentals? (Audit Reference - page 38)*

The requested list of groups receiving partial discounts per fiscal year audited is attached. TAP International provided this information to City using data provided by the Chamber (Attachment 2). The attachment does not detail the nature of the discount.

By fiscal year audited, Attachment 3 identifies the organizations which received a fully discounted/free rental. TAP International provided the attached information to City using data provided by the Chamber. The attachment does not detail the rationale for the free rental.

Question: *What were the commissions and incentives paid to Chamber staff? (Audit Reference - page 25 and 26)*

During the audit period the Chamber paid over \$300,000 in commissions and \$23,500 in bonus payments that require further review. Attachment 4 provides commissions and bonuses paid by month, quarter, and calendar year, as applicable.

Question: *Santa Clara Chamber Political Action Committee (PAC) filings of its Fair Political Practices Commission (FPPC) Reports*

In response to Council inquiry, the Appointed City Clerk and City Auditor reviewed the Santa Clara Chamber PAC filings of its FPPC Reports on file with the City Clerk's Office. Based on the review by the Council Appointees, they issued two reports/audits on October 29 and October 31, 2018, respectively (Attachments 5 and 6), which identify potential violations of FPPC report filings. Both reports were forwarded to the FPPC for review and further determination of fines. On November 13, the FPPC issued a letter (Attachment 7) stating that "the Enforcement Division of the Fair Political Practices Commission will investigate the allegation."

The City is contracting with TAP International to audit credit card statements. However, City staff has been reviewing all credit card statements/charges since May 2018.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no additional cost to the City other than staff time and expenses.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Note and File Responses to City Council Questions related to the Performance Audit entitled "Santa

Clara Convention Center and Convention-Visitors Bureau: Restructuring Operations Can Strengthen Accountability, Performance and Revenue”

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Convention Center and CVB Performance Audit
2. List of Events/Groups Receiving Partial Facility Discounts
3. List of Events/Groups Receiving Full Facility Discounts
4. Commission and Incentive Pay
5. Memo regarding SCCCPAC Filings for 2010 - 2014 dated 10/29/2018
6. Memo regarding SCCCPAC Filings for 2015 - 2018 dated 10/31/2018
7. November 13, 2018 FPPC Letter