



Agenda Report

18-839

Agenda Date: 6/12/2018

REPORT TO COUNCIL

SUBJECT

Update on Council Direction to City Manager on Convention Center and on Status of Agreement with Convention-Visitors Bureau

BACKGROUND

At the May 22, 2018, staff requested direction from Council on the management fee to the Santa Clara Chamber of Commerce & Convention-Visitors Bureau for the management of the Santa Clara Convention Center. After a detailed staff presentation and Council discussion, Council approved a motion to:

Direct the City Manager and City Attorney to begin a process of exploring a term sheet for a new agreement with the Chamber of Commerce for their management of the Convention Center; begin the process to execute a financial and performance audit of the Chamber; and that the management fee be suspended until such time that we can enter into a new agreement.

DISCUSSION

Since the May 22 Council meeting, the City Manager's office has contracted with a highly qualified performance auditing firm, TAP International, whose principal, Denise Callahan, has expertise in convention center performance audits. Ms. Callahan will personally serve as her firm's staff lead on this project. A summary of Ms. Callahan's background is attached.

In review of the scope for the audit it became clear that the marketing operation of the Convention-Visitor's Bureau is almost fully integrated with Convention operations. As such, an audit of convention center operations would be incomplete without a review of the \$1.5 million in public funds used by the CVB to support convention and tourism activity. Therefore audit objectives include a review of the CVB activity.

An audit entrance conference occurred on June 7 with Convention Center staff, representatives of the CVB and Chamber, as well as City staff. Attached are the slides from the audit entrance conference for your information. At that meeting Ms. Callahan made a data request from the City and Chamber for Convention Center- and CVB-related activity.

In order for the audit to be meaningful, full access to information regarding the Convention Center and CVB operations is required. This point is important to note as the City has made a series of requests for information from the Chamber since April 19. Attached are two letters sent on June 5 to the Chamber advising of the commencement of the audit and detailing the City's concerns about the Chamber's lack of timely documentation production which is essential to audit activities as well as my ability to attempt to negotiate a new agreement as directed by the Council.

In addition to the negotiation of a possible management fee, the annual CVB contract will expire as of June 30, 2018. In absence of an audit and without information from the Chamber, there is not enough information for staff to make a recommendation on a CVB contract for FY18/19. Recognizing that CVB-provided convention sales and marketing services which support convention center operations are important to maintain on an interrupted short term basis, staff will bring a report to the Council on June 26 with a recommendation for consideration.

ENVIRONMENTAL REVIEW

This is an information report only and no action is being taken by the City Council and no environmental review under the California Environmental Quality Act ("CEQA") is required.

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 report updating Council on the May 22, 2018 direction regarding the Convention Center and on the status of the FY18/19 Convention-Visitors Bureau Agreement

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Summary Background of Denise Callahan
2. Performance Audit Opening Conference Presentation
3. June 5, 2018 letter to Chamber of Commerce regarding Convention Center Audit
4. June 5, 2018 letter to Chamber of Commerce regarding Convention-Visitors Bureau Audit