



Agenda Report

19-1257

Agenda Date: 11/12/2019

REPORT TO COUNCIL

SUBJECT

Update on the Formation of the New Destination Marketing Organization (DMO) Entity

BACKGROUND

On April 9, 2019, City Council directed the City Manager to commence work efforts to form a new destination marketing organization (DMO) to provide convention and visitor services such as a Convention-Visitors Bureau (CVB). Council actions included approval of: a governance model whereby the City contracts directly with a nonprofit DMO and a separate Convention Center operator; the configuration of the initial DMO Board of Directors with added direction to increase the number of board members from seven to nine; and the use of public funds from the Tourism Improvement District (TID) to support the formation and operation of the DMO.

On May 21, 2019, City Council directed the City Manager to proceed with the formation of a new DMO entity including the appointment of the final composition of the Board of Directors and to pursue legal services as needed to support the establishment of the DMO.

The purpose of this report is to provide Council with an update on the progress of the DMO formation.

DISCUSSION

The new entity, the Silicon Valley/Santa Clara Destination Marketing Organization (DMO), incorporated as a California nonprofit mutual benefit corporation in August 2019 with the assistance of attorney Terry Conner of Thoits Law Firm (Thoits). Thoits prepared and filed the articles of incorporation; drafted, finalized and adopted the bylaws and provided the Board with a review of their fiduciary duties. Currently, Mr. Conner is assisting with the development of the corporation's conflict of interest policy and attends the Board of Directors meetings to advise on formation and process matters.

Location

A virtual office has been established at 5201 Great America Parkway, Suite 320, Santa Clara, CA (TechMart Building) and meetings have been taking place alternately at the Hyatt Regency, Hilton Santa Clara, and California Great America. It is the desire of the Board of Directors to establish an office at the Santa Clara Convention Center and discussions are ongoing regarding this possibility. If Council action is required, at the appropriate time, staff will bring an item for the Council's consideration.

Board of Directors

The Board of Directors have met several times since August 2019 and held their first official meeting as a corporation on September 23, 2019 whereby the corporation bylaws were adopted by Mr.

Conner as the sole incorporator and approved by the Board. Additionally, the Officers of the Board were elected. Table 1 below lists the DMO's Board of Directors. Eight of the seats are filled and staff are working to fill the last vacancy. A qualified candidate has been identified but the candidate's employer would need to approve this role and ensure that there are no conflicts.

Table 1 - DMO Board of Directors

| Title | Name | Industry |
|--------------|--------------------------|---|
| Chair | Eron Hodges | Hyatt Regency |
| Vice-Chair | Manny Gonzalez | California Great America |
| Treasurer | Nadine Nader | City of Santa Clara |
| Secretary | Joe Eustice | Hilton Santa Clara |
| Member | Kelly Carr | Santa Clara Convention Center |
| Member | Leo Wandling | I.A.T.S.E - Local 134 Silicon Valley/ Santa Clara County |
| Member | Pablo Barrera | International Brotherhood of Teamsters Local 287 |
| Member | Stephen Eimer | Related Urban |
| Member | Vacant | Technology Industry |
| Ex-Officio | City Manager or designee | City of Santa Clara |

Next Steps

In addition to working towards finalizing the Conflict of Interest policy, the Board of Directors have begun efforts to: establish the mission and vision of the corporation; establish an outward facing organization name; formally establish Audit and Nominating Committees; establish insurance needs of the corporation; and review the final draft of the job description for the executive director. Forthcoming activities include recruitment and selection of the executive director and applying for non-profit tax-exempt status.

Staff will also continue to provide the Board of Directors with regular updates on the TID Advisory Board's efforts to establish the district under the Property and Business Improvement District Law of 1994. A discussion about the potential conversion/establishment under the 1994 Law is a separate item (RTC 19-920) on the November 12 Council agenda.

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 fiscal impact other than administrative expense.

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 the November 2019 report on the update on the formation of the Santa Clara Destination Marketing Organization.

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager