



## Agenda Report

18-1297

Agenda Date: 9/18/2018

### REPORT TO COUNCIL

#### SUBJECT

Presentation by TAP International of the Performance titled "Santa Clara Convention Center and Convention-Visitors Bureau: Restructuring Operations Can Strengthen Accountability, Performance and Revenue"

#### BACKGROUND

On May 22, 2018, staff requested direction from Council on the management fee to the Santa Clara Chamber of Commerce & Convention-Visitors Bureau (Chamber) 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.*

On June 5, 2018, the City Manager's Office executed a contract with a highly qualified performance auditing firm, TAP International (TAP), whose principal, Denise Callahan, has expertise in convention center performance audits. TAP International is a consulting firm that provides performance management evaluation and has over 100 years of combined experience conducting performance audits. Project director/manager Denise Callahan has an extensive auditing background and has trained multiple local, state, federal, and international audit organizations on performance auditing as well as provides on-going coaching and quality assurance reviews. Ms. Callahan's past experience has included performance audits of other larger convention centers (San Diego, Fresno, and Stockton), as well as decades of experience on compliance audits, internal audits, and best practices reviews for federal, state, and local government agencies.

The scope of work of the audit included:

- 1) Assess the fiscal health of the City's Convention Center and the Convention Visitors Bureau (CVB) including the nature of the revenues and expenditures by the Convention Center and CVB;
- 2) Assessing the adequacy of structures, systems, controls, and processes that impact financial management of the Convention Center and CVB; and,
- 3) Determine the types of changes needed, if any, to enhance Convention Center sustainability and performance.

#### DISCUSSION

At this session, the City Council will be presented with the Auditor's findings of the above referenced

audit. As a standard practice, the auditor provided the City, as the client, and the Chamber with the preliminary audit for review of facts and misstatements and allowed the City and the Chamber to provide comments regarding the draft for the auditor's consideration. Since the City Council commissioned the audit, by its own motion and direction, the Auditor will present the report and audit findings to the Council during the September 18 Council meeting. A final report will be issued thereafter.

As such, staff will return to Council on October 9 with its response to the audit and recommendations for Council consideration. The Council may request that the Chamber also provide a response to audit findings or questions that surface as part of the presentation of the audit.

### **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(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **COORDINATION**

This report was coordinated with the City Attorney's Office.

### **FISCAL IMPACT**

There is no fiscal impact other than the staff time to prepare this report.

### **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) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager