

(R-84-2274)

RESOLUTION NUMBER R- 261105

Adopted on JUL 03 1984

WHEREAS, the Rules Committee, on June 25, 1984, discussed and considered the matter of the Convention Center Operating Entity; and

WHEREAS, also included in the discussion was a proposal to designate ConVis as the marketing entity for the Convention Center; and

WHEREAS, as an adjunct to and in support of the discussion and proposals, the Mayor provided a memorandum, with Attachments I, II and III thereto, on the subject of Convention Center, setting forth actions required of Council and suggested positions thereon; and

WHEREAS, said memorandum from the Mayor, with attachments, are incorporated in this resolution by this reference and attached hereto as Attachment A; and

WHEREAS, after review of the documents, and receipt of public input, the Rules Committee approved the four (4) recommendations set forth in the Mayor's memorandum; and

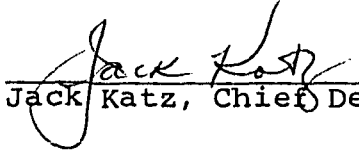
WHEREAS, the Rules Committee now forwards the matter to the full Council with a recommendation to approve those recommendations; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the recommendations submitted by the Mayor and approved by the Rules Committee on June 25, 1984, concerning the Convention

Center, as more specifically set forth in the Mayor's Memorandum (with Attachments I, II and III thereto), attached hereto as Attachment A, be and the same are hereby approved.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized to transmit a letter to The City of San Diego Representatives to the Board of Port Commissioners, said letter identified as Attachment III to the Mayor's memorandum, setting forth and clarifying the position of The City of San Diego concerning the Convention Center and the development thereof.

APPROVED: John W. Witt, City Attorney

By 
Jack Katz, Chief Deputy

JK:smm
6/27/84
Or.Dept:Rules
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TO: Rules Committee
FROM: Mayor Roger Hedgecock
SUBJECT: Convention Center

There are several actions pertaining to the Convention Center which I feel the Council should take now. These are:

- finalization of our operating agreement with the Port
- designation of the marketing entity for the Center
- establishment of the operating entity for the new Center
- a statement of Council objectives and concerns for use by our San Diego Port Commissioners in their deliberations on July 10, 1984

I therefore ask that the Committee on Rules, Legislation and Intergovernmental Relations recommend the following to the City Council:

1. Approve the attached Management Agreement Summary for use by the Manager in negotiating a final Operating Agreement with the Port of San Diego. Direct the Manager to bring back a completed agreement for Council review.
2. Approve Councilman Martinez' proposal to designate the Convention and Visitor's Bureau as the marketing entity for the Center.
3. Approve the recommendations of my Convention Center Task Force regarding establishment of the Convention Center operating entity.
4. Approve the attached letter for transmittal to our Council-appointed delegation to the Board of Port Commissioners.

Discussion

The Management Agreement Summary in Attachment I outlines the major points to be covered in the final operating agreement between the Port and City. These points have been agreed to by the Port Director and the City Manager. Our approval of them will provide the Manager with sufficient direction to negotiate the final agreement. In the meantime, it will clarify our intentions and demonstrate our continued commitment to the Port Board as they oversee initial planning and design of the Center.

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ATTACHMENT A

Councilman Martinez proposes to designate the Convention and Visitors Bureau as the marketing entity for the Convention Center. Aggressive marketing of the Center must begin this calendar year. The Convention Center Task Force and I agree with Councilman Martinez, and recommend your support of his recommendation.

I have convened a Task Force of prominent citizens to advise me on how the Convention Center should be operated. They began work on this issue in March of this year. I have reviewed their recommendations and urge you to endorse them. (See Attachment II).

This past Tuesday, the Port Board designated a committee to try to resolve differences between the Port and the hotel developer at the Navy Field site. The committee was directed to report back to the full Board on July 10, 1984. At the same time, the Port Board authorized the architect to proceed with schematic drawings and to work with the Mayor and Council to achieve an exterior design that is suitable to the place of prominence the Center will have on our City's skyline. The Port has assured us that the Mayor and Council will have adequate opportunity to participate in the design process.

I applaud these good-faith efforts by the Port Board to meet its commitments to the people of San Diego. We should support this process by reaffirming and clarifying the City position supporting the Convention Center at Navy Field. Thus, I recommend that this Council transmit the attached letter to our Port Board delegation for their use on July 10. The letter reaffirms the commitment of this Council to the project and urges the Port to take whatever actions are necessary to allow the Center and needed hotels to be constructed.

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MANAGEMENT AGREEMENT SUMMARY

1. The District intends to design, construct, furnish, and equip a convention center and parking facility on Navy Field having approximately 250,000 square feet of exhibition space that can be expanded by an additional 100,000 square feet; 100,000 square feet of meeting space; and parking.

2. The District shall consider all advice and recommendations of a Technical Committee established to review design of the facility.

3. The City may review, comment on, and participate in the approval of the facility's design through the schematic drawing phase, as well as on those design elements which may affect maintenance and operation. District shall take all comments into consideration.

4. The term of the management agreement shall be for twenty (20) years commencing upon completion of the convention center facility. Effective date shall be upon agreement's approval by the Port Commission and by the City Council.

5. The City shall provide--either directly or through a separate entity approved by District--management, including operation, maintenance, and promotion for the convention center. The City shall market and schedule the convention center to enhance hotel occupancy.

6. The City's annual financial obligation shall be limited to: (a) operating revenues from operation of the convention center, plus (b) Transient Occupancy Tax revenues from hotels located within the Navy Field complex. Upon the effective date of the agreement, City shall from time-to-time set aside those portions of these revenues that are necessary for such purposes as required under this agreement. District will have no financial obligation with respect to operation, maintenance, and promotion of the convention center.

7. The District shall operate the parking facility and receive all parking revenues. The District shall provide an allocation of not more than 1200 parking spaces for convention center use.

8. The City shall convey its interest in the Market Street police station facility to the District. If, however, the management agreement is terminated because the District doesn't complete construction of the convention center, the City's rights to the police station shall remain in accordance with present agreement between the parties.

9. The City may, at its sole discretion and cost and expense, construct one or two pedestrian bridges across Harbor Drive.

10. Equal Employment Opportunity and Affirmative Action Programs, including compliance reviews, shall be required in the operation and maintenance of the convention center.

AN OPERATING ENTITY FOR THE
SAN DIEGO CONVENTION CENTER AT
NAVY FIELD

REPORT AND RECOMMENDATIONS
OF THE
MAYOR'S CONVENTION CENTER TASK FORCE

JUNE 25, 1984

Task Force Members:

Scott Anderson	Lucy Goldman
George Bailey	Jim Granby
Peter Q. Davis	Bruce Moore

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June 22, 1984

Dear Mayor Hedgecock:

In March, 1984 you convened us as a Task Force to advise you regarding the operating entity for the new Convention Center.

Attached please find our final report and recommendations.

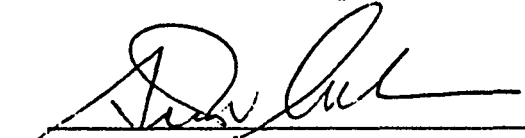
In the course of preparing this report, we met eight times and conferred with representatives of numerous groups and agencies.

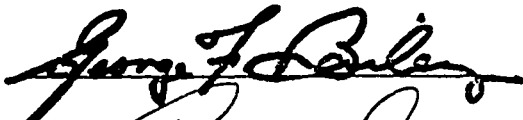
We have identified what we feel to be the requirements for successful operation of the Center. They are as follows:

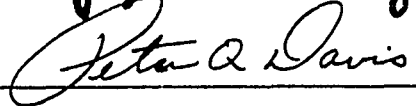
- Commitment by the Board of Directors to the objectives of the Center (i.e., to maximize tourist spending in the local economy).
- A board with a strong business orientation.
- Hiring and retention of a competent manager, experienced in the convention business.
- Policy and fiscal accountability to the Mayor, City Council, and ultimately the electorate.
- Relative immunity from political interference in the day-to-day operation of the Center.
- Maximum flexibility in the hiring of personnel and procurement of goods and services.


We feel our recommendations, if implemented, will fulfill these requirements and result in a Convention Center operation that will substantially benefit the entire community.

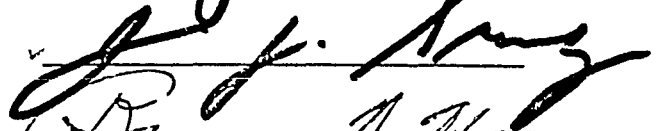
We thank you, Mayor Hedgecock, for this opportunity to serve our City. We stand ready to further assist you and the Council in this most important endeavor.

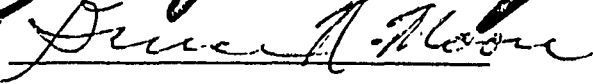












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Introduction

This is the final report of the Mayor's Convention Center Task Force.

The Task Force was appointed by Mayor Roger Hedgecock in March, 1984 and was asked to recommend what form the operating entity of the new Convention Center should take.

The Task Force consists of the following individuals:

Scott Anderson:

George Bailey:

Peter Q. Davis:

Lucy Goldman:

Jim Granby:

Bruce Moore:

The Task Force's work was broken down into the following tasks:

- identification of alternatives
- analysis of alternatives
- selection of recommended alternatives

Summary of Recommendation

1. Establish a non-profit corporation to operate the proposed Convention Center. The corporation board should consist of seven members. Consideration should be given to minority representation for the visitor industry. The board should have sufficient authority to:
 - hire a member and establish an appropriate level of compensation;
 - oversee operations and budget preparation for the Center;
 - establish rules and procedures for the hiring of personnel and procurement of goods and services; and

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- empower the Center Manager to appoint all subordinate staff in a manner consistent with rules and procedures adopted by the board.
- 2. Appoint the board by September 1, 1984 and direct that a manager be retained by December 1, 1984.
- 3. Retain this Task Force to advise the Mayor and Council on Convention Center matters until the corporation board has been appointed.

Overview

The objective of the City in developing a Convention Center is to maximize its economic and fiscal benefits to the City and region. These benefits are directly related to the number of out-of-town visitors who attend events at the Center, spend money at local businesses and stay in local hotels. Thus the objective is not for the complex to make a profit from direct revenues paid to it. The Center management, by accepting a small operating deficit and by maximizing spending from out-of-town visitors will generate a substantial profit for the people of San Diego in tourist tax revenues.

Identification of Alternatives

The alternatives identified by the Task Force are as follows:

A. The Board of Directors

Alternatives include the City Council, a board appointed by the Mayor and Council, some other already constituted commission or board.

B. Organization

1. Decision Structure

- a. Department of the City, answerable to the Manager.
- b. A separate agency with its own board whose decisions are subject to review and ratification by the Council, e.g. the Centre City Development Corporation.
- c. A separate agency with its own board; Council approves an annual budget and provides overall policy direction.

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2. Management Structure

- a. A manager appointed by the City Manager, Center Manager in turn appoints subordinates subject to City Personnel/Civil Service System.
- b. A manager appointed by the Mayor and Council; Center Manager in turn appoints subordinates subject to City Personnel/Civil Service System.
- c. Numbers 1 and 2 above with appointment of Manager and subordinates not subject to City Personnel/Civil Service System.
- d. A manager appointed by the Center Board of Directors, Center Manager to appoint subordinates.
- e. A private operating company retained by either the Council or Board of Directors.

Evaluation of Alternatives

The operation of a convention center such as that proposed for San Diego presents a unique challenge. On the one hand, it is a publically subsidized activity for the benefit of the community at large. On the other hand, it is involved in a highly competitive market and requires the sophisticated marketing and operational techniques of a modern, private sector business. Thus, to be successful the new Convention Center operating entity must reflect a commitment to its public benefit objectives while operating like a business. We feel the requirements for success are as follows:

1. Commitment of the Board of Directors to the objectives of the Center (i.e. to maximize tourist spending in the local economy).
2. A board with a strong business orientation.
3. Hiring and retention of a competent manager, experienced in the convention business.
4. Policy and fiscal accountability to the Mayor, City Council, and ultimately the electorate.
5. Relative immunity from political interference in the day-to-day operation of the Center.
6. Maximum flexibility in the hiring and firing of personnel and procurement of goods and services.

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Given these requirements, we recommend that the Council establish an operating entity with a decision structure similar to that described in B-1-c on page two of this report; i.e., a separate agency (non-profit corporation), with its own board, receiving policy and budget direction only from the Mayor and Council. The board should consist of seven members. Consideration should be given to minority representation for the visitor industry. The board should have sufficient authority to:

- hire a manager and set that person's level of compensation
- direct the day-to-day operations of the Center
- establish rules and procedures for the hiring of personnel and the procurement of goods and services

We further, recommend that the Council establish a management structure similar to that described in B-2-d on page two; i.e., a manager appointed by the Center Board of Directors who in turn appoints subordinate staff.

We believe that an entity structured in this manner will provide the flexibility and orientation needed to be successful in a highly competitive market while retaining the necessary accountability to the Mayor, Council and electorate.

The makeup of the board will be important. The experts whom we consulted impressed upon us the necessity to appoint a Board of Directors with the time, commitment and expertise to get the Center operating properly. During construction and in the initial years of operation, decisions must be made which will determine the success or failure of the Center for many years to come. We feel there is no board currently in existence which could assume this responsibility.

We also strongly urge that the board be established by September 1, 1984 and that a manager be hired by December. To protect the interests of the City as operator of the Center, the new board and particularly the manager should be available to provide input and direction during design and construction of the Center.

The alternative of a private sector operator for the Center was evaluated by the Task Force. Mr. Don Kriz of the Houston Sports Association made an excellent presentation on the advantages of retaining the services of a private company to operate the Center. While we agree there are potential benefits, we are unable to recommend this alternative for the following reasons:

1. The record of private sector operators around the country has been quite uneven. Profits in some cases have been achieved by reducing service and maintenance standards to unacceptably low levels.

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2. Most of the benefits of private sector operation can be realized through the structure we are recommending.
3. We feel strongly that the Mayor and Council should not totally divorce themselves from operation of a facility which is being constructed to meet uniquely public objectives.
4. We feel there are would be difficulties in structuring an incentive contract to meet the City's objectives.

Finally, we recommend that this Task Force remain in existence until a permanent board is appointed. The Mayor and Council will be faced with important decisions over the next few months. We have gained valuable experience and are, we feel, representative of those local organizations and groups who will be most affected by the Center's development.

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TO: City of San Diego Representatives to the Board
of Port Commissioners

FROM: Mayor and City Council

SUBJECT: CONVENTION CENTER SITE AT NAVY FIELD

To assist you as our appointed representatives to the Port Board, we wish to clarify the position of the Mayor and Council concerning development of a convention center and hotels at Navy Field.

Our position is as follows:

1. We continue to strongly support construction of a new convention center in San Diego.
2. We continue to strongly support Navy Field as the only viable site on which to construct a new center pursuant to the direction of the voters last November.
3. We support the efforts of your Board of Port Commissioners to resolve the remaining issues concerning hotel development at the site.
4. We support any reasonable alternatives for hotel development in connection with the convention center which provides to the City and Port assurance that approximately 2200 hotel rooms will be built in a timely manner.

In conclusion, we urge you to support continued progress on design and construction of the Center and hotels at Navy Field.

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Passed and adopted by the Council of The City of San Diego on JUL 03 1984,
 by the following vote:

Councilmen	Yeas	Nays	Not Present	Ineligible
Bill Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill Cleator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gloria McColl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William Jones	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Struiksma	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mike Gotch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dick Murphy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Uvaldo Martinez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Roger Hedgecock	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

ROGER HEDGECOCK
 Mayor of The City of San Diego, California.

CHARLES G. ABDELNOUR
 City Clerk of The City of San Diego, California.

(Seal)

By Mayfield P. Portenow, Deputy.

Office of the City Clerk, San Diego, California

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