



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: February 23, 2017

IBA Report Number: 17-08

Economic Development & Intergovernmental Relations Committee Meeting Date: March 9, 2017

Item Number: TBD

Status Update for Prior Grand Jury Report Recommendations San Diego Convention Center Corporation

BACKGROUND

The purpose of this report is to provide information on the implementation status of certain Grand Jury (GJ) recommendations to the City related to the San Diego Convention Center Corporation (SDCCC). Council Policy 000-33 (“Implementation of Accepted Grand Jury Recommendations”) states: “[t]he City intends to provide enhanced transparency and accountability with respect to implementation of accepted Grand Jury recommendations.” A Council-accepted recommendation is one which the Council approved a response that indicated further analysis was required or further work was needed for the recommendation to be implemented. For Council-accepted recommendations, Council Policy 000-33 states “[t]he City will communicate status updates to the Council and the public through: [p]ublic hearings at City Council Committees which will review the implementation status...”

This status update report on Council-accepted recommendations related to SDCCC is anticipated to be presented at the March 9, 2017 Economic Development & Intergovernmental Relations Committee meeting. The updates are covered in the next section.

DISCUSSION

On May 19, 2015 the San Diego County Grand Jury filed a report, directed to the San Diego Mayor and City Council, entitled “San Diego Convention Center Corporation.” This Grand Jury report discussed a number of financial and contractual issues related to the San Diego Convention Center’s operations. The City’s responses to the findings and recommendations contained in the Grand Jury report were submitted to the Presiding Judge of the San Diego Superior Court on October 6, 2015.

The May 2015 Grand Jury Report included two recommendations for which the City responded that there would be future implementation actions. These recommendations, the original City responses submitted to the Presiding Judge, and the current status updates are presented below.

Grand Jury Recommendation 15-18:

In the interest of transparency, mandate that the San Diego Convention Center's Annual Budget include all payments made by the City, including payments for dewatering and for the Phase II Expansion bond debt service as income and expenditures, where applicable. Or alternatively: Make that information conspicuously available in its publications and its website.

- ***Original Response:***

The recommendation has not yet been implemented, but will be implemented in the future.

The City expects openness and transparency and will examine the most effective means to ensure that financial information is conspicuously available in SDCCC's publications and website. After discussing this recommendation with SDCCC staff, it is our understanding that SDCCC will be modifying its website to provide a link to the City's budget pages for debt service on the Phase II Expansion Bonds, annual de-watering expense and other miscellaneous expenses. While relevant to the Center, these City expenses are appropriately not included in SDCCC's annual operating budget.

- ***Current Status Update:***

SDCCC has modified its website to provide a link to the City's budget pages for debt service on the Phase II Expansion Bonds, annual de-watering expense, and other miscellaneous expenses: <https://visitsandiego.com/about/facility-ownership-funding>. This webpage includes additional information on the Convention Center's ownership and funding.

Grand Jury Recommendation 15-20:

Commission a study by the Department of Performance Analytics and the Independent Budget Analyst to explore other methods of governance for the management of the San Diego Convention Center, such as outsourcing to a private management company, and evaluating the effectiveness of the dual booking system.

- ***Original Response:***

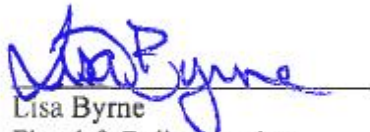
The recommendation has not yet been implemented, but will be implemented in the future.

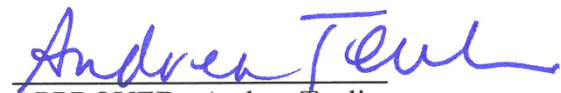
The Office of the Independent Budget Analyst will work with the appropriate Mayoral Department to review other methods of governance for convention centers. With respect to the effectiveness of the dual booking system, see response to Finding 04.

- ***Current Status Update:***

In February 2016 the Office of the City Auditor began the planning phase for an audit of the San Diego Convention Center. The audit was expected to include a review of governance models for comparable convention centers. The audit was released in January 2017; and it includes a review of governance structures for the San Diego Convention Center and other convention centers. Since the expected work that was communicated to the Grand Jury has been completed, the Independent Budget Analyst and appropriate Mayoral Department will not be performing this review.

In conclusion, the City's original responses to the Grand Jury recommendations indicated that further actions would be implemented. The actions that have transpired have been communicated in this report.


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