

City of Tucson Independent Audit and Performance Commission

April 7, 2011

Subject: *Report to Mayor and Council: City of Tucson Contract with Metropolitan Tucson Convention and Visitors Bureau*

Honorable Mayor and Council:

Attached is the first report from the City's Independent Audit and Performance Commission (IAPC) pertaining to its review of the City's contract with the Metropolitan Tucson Convention and Visitors Bureau (MTCVB). The report, prepared by an IAPC Subcommittee, was approved by the full Commission at its April 6, 2011 meeting by a 5-0 vote. The report provides an overview of the review process to date, findings and recommendations.

The IAPC has provided businesses and individuals with a survey seeking their input on the performance, value, or contributions of the MTCVB. Additionally, a Subcommittee meeting has been set for April 21, 2011 seeking comments of interested parties. A report to Mayor and Council will be prepared summarizing the information obtained from the surveys and meeting comments.

Commission members continue to appreciate the opportunity to provide the Council with review of relevant issues.

Respectfully Submitted,



David Cormier
IAPC Chair

City of Tucson
Independent Audit and Performance Commission
April 6, 2011

City of Tucson Contract with Metropolitan Tucson Convention and Visitors Bureau

In December 2010, Mayor and Council requested that the City's Independent Audit and Performance Commission (IAPC) review the City's dealings with the Metropolitan Tucson Convention and Visitors Bureau (MTCVB). The Commission was requested to:

- Review and audit a period of three years (2008 to present), and include a review of the financial paperwork and other materials submitted to the City by the MTCVB under the Master Agreement to determine if the terms of this agreement have been met.
- Review the findings and any recommendations generated by the audit being conducted by the Pima County Board of Supervisors, when that audit is made available.
- Review other peer cities' visitors bureau budgets, responsibilities and functions for comparison.
- Consult experts in the field of tourism and tourism marketing for this review and audit.
- Report back to the Mayor and Council within ninety days with an update.

The IAPC discussed the Council's request at its January 2011 meeting and established a Subcommittee to conduct the review. To date, that Subcommittee has met January 13th, January 18th, February 7th, and March 21.

To provide information to Council in a timely manner, the Subcommittee chose to focus on the FY 2010 contract, the most recent completed year. The Subcommittee reviewed contracts, other documentation, and heard presentations and responses to Subcommittee questions from the MTCVB (*Jonathan Walker - President and CEO; Richard Vaughan - Senior Vice President, Sales and Marketing; Allison Cooper - Director of Marketing; J. Felipe Garcia - Vice President of Community Affairs and Mexico Marketing*) and City staff (*Marie Nemerguth, Budget and Internal Audit Program Director, Christina Parisi - Assistant to the City Manager*). This report covers the result of that review.

The Subcommittee also requested City Internal Audit staff to assemble information on similar bureaus in other cities. That information is provided as Attachment 1.

Background:

In May 2003, Mayor and Council approved a *Master Operating Agreement (MOA)* with MTCVB (Resolution 19581) intended to develop and strengthen tourism within Tucson and the surrounding metropolitan area. In addition, the MTCVB and the City enter into annual

supplemental agreements which provide details on funding, strategic initiatives and key indicators/impacts. The *MOA* indicated funding from the City would be at 45% of the previous year's transient occupancy tax; however, recent annual supplemental agreements have reduced that percentage to 33%.

The *MOA* (Attachment 2) defines the responsibilities of both the MTCVB and the City.

MTCVB Responsibilities:

- Section 1.1 of the *MOA* indicates the goals and operational objectives (administration, convention sales, tourism development, film office, membership development) for the MTCVB. These are broad and general in nature.
- Section 2.1 requires:
 - the MTCVB to use 2% of the previous year's transient occupancy tax in negotiating rate reductions with potential Tucson Convention Center (TCC) customers for facility use or for marketing the TCC (the TCC Marketing Fund). Use of monies for marketing the TCC requires mutual approval of the MTCVB President and the Director of the TCC. If MTCVB does not fully spend 2% of the previous year's transient occupancy tax for these purposes, the unspent amount is to be returned to the City for deposit into the TCC Capital Reserve Fund.
 - the MTCVB to submit its proposed budget in a format approved by the City in accordance with the City's budget calendar.
 - the MTCVB to submit a request for payment, detailing revenues and expenditures, to the City on a monthly basis.
- Section 3 requires the MTCVB to maintain a true and accurate accounting system and to provide the City with a copy of its audited financial report within three months of the close of its fiscal year.
- Section 5.7 details MTCVB goals and operational issues pertaining to the TCC.
- Section 5.8 requires the MTCVB to provide the City Manager with quarterly performance reports.

City Responsibilities:

- Section 2.1 details the funding formula, method of payment, and permitted reasons for withholding of payments.
- Section 3 grants the City permission to "ascertain and verify" that the MTCVB has expended City funding for authorized purposes.
- Section 5.8 requires the City Manager to provide the MTCVB with an annual performance evaluation for the preceding year and the budget recommendations for the upcoming year.¹

The *FY 2010 Supplemental Agreement and Amendment Number 1*² (Attachments 3 and 4) detailed FY 2010's eight strategic initiatives and thirty one key indicators/units of service for the MTCVB.

¹ The May 5, 2003 Mayor and Council Communication dealing with the *MOA* highlighted increased accountability and states the annual performance evaluations "will specify in writing the areas where the City believes the agency has succeeded or fallen short".

² Amendment 1 reduced the City FY 2010 funding for the MTCVB with resulting reductions to key indicators/units of service.

IAPC Review:

The IAPC Subcommittee did the following in reviewing compliance with the *MOA* and the *FY 2010 Supplemental Agreement and Amendment 1*:

- 1) Reviewed MTCVB's budget submittal document.
- 2) Reviewed MTCVB's monthly requests for payment.
- 3) Reviewed MTCVB's audited financial statements for the year ending June 30, 2010.
- 4) Reviewed MTCVB four quarterly performance reports provided to the City.
- 5) Asked MTCVB for documentation on the use of the FY 2010 TCC Marketing Fund monies.
- 6) Asked MTCVB for documentation for one of the FY 2010 strategic initiatives (*Coordination of FY 2010 Gem Show Shuttle*) and six of the FY 2010 key indicators (*Economic Impact – Conventions and Group Business, Bookings – TCC, Local Job Days Produced- Film Office, Trade Shows Organized and Number of Radio Spots – Mexico Tourism Development, Delegates/Participants – Sports Development*).
- 7) Asked City staff to provide a copy of the annual performance evaluation prepared for FY 2010.
- 8) Asked City staff to review and confirm the five billings from the TCC to MTCVB for event booking incentives utilizing the TCC Marketing Fund. The incentives offered totaled \$112,108.

Findings:

Following the review of the above items, the following findings are made:

- 1) Per City staff, MTCVB submitted its FY 2010 budget on time and in a format acceptable to the City (Attachment 5).
- 2) MTCVB submitted monthly requests for payment. While the *MOA* indicates requests are to "detail revenues and expenditures", no further definition is provided. MTCVB has reported expenditures (Attachment 5) at a relatively high level and reflects spending from all MTCVB funding sources. City staff indicated this level of reporting has been, and continues to be, acceptable. Additionally, staff indicated that the City has never exercised its ability to audit MTCVB's accounting system and resulting expenditure statements.
- 3) MTCVB has an annual audit of its financial statements. The audit for the fiscal year ended June 30, 2010 was conducted by Regier Carr & Monroe, LLP. The independent auditor's letter is attached. (Attachment 6).
- 4) In accordance with the *MOA*, the MTCVB submitted quarterly reports to the City. The report for the FY 2010 4th quarter is attached (Attachment 7).
- 5) During FY 2010, the City provided \$186,415 to be used for TCC Marketing Fund purposes (Attachment 8). The MTCVB used \$112,108 for fee/rate reductions to five customer accounts and spent \$57,300 for TCC marketing, leaving \$16,007 unspent.
 - Use of the monies for TCC marketing purposes requires mutual approval of the MTCVB President and the TCC Director. Approval occurred via conversations rather than being documented in writing.
 - MTCVB staff indicated that they were told by City staff to carry forward the unspent funds for use in FY 2011.

- 6) The *MOA* and the *Supplemental Agreement* provides little specificity concerning key indicator definitions, time frames, and calculations.³ City staff indicated that, with the exception of TCC bookings, no efforts were made to review/document the reported key indicators.

MTCVB has established reasonable criteria in defining these elements, establishing methodologies to track or estimate, and in calculating annual key indicator totals. For example, the Bureau used a model developed by the Destination Marketing Association International, an umbrella organization for entities similar to MTCVB, as a baseline for determining the monetary impact of meetings/conferences. Results were then adjusted to reflect local conditions. For instance, the Bureau adjusted the calculation downward by 16% to reflect the impact of the recession on Tucson.

A packet containing MTCVB calculation methodology and other documentation in support of the seven key indicators / strategic initiatives reviewed by the IAPC is available from City Internal Audit upon request.

The IAPC would like to note that the media materials developed to promote Tucson by MTCVB were both professional and well designed.

- 7) The required written City evaluation of MTCVB performance did not occur. Both MTCVB and City staff indicated a written evaluation has not been provided in any previous year, however an annual meeting between MTCVB staff and the City Manager does take place at which goal and key indicators are discussed.

Recommendations:

The following recommendations are made:

- 1) TCC Marketing Fund:
 - a. The MTCVB should return \$16,007 in unspent FY 2010 TCC Marketing Fund monies to the City in compliance with the *MOA*.
 - b. Approval for use of TCC Marketing Fund monies for marketing and advertising purposes should be documented in writing between the TCC Director and the MTCVB President.
 - c. MTCVB should provide the City with an annual accounting of the use of TCC Marketing Fund when it submits its 4th quarter report to the City Manager.
- 2) The City should annually request documentation from the MTCVB for selected key indicators.
- 3) The City should prepare the required written annual evaluation of MTCVB performance.
- 4) The City should determine what level of financial reporting detail from the MTCVB is appropriate for management of the contracts.
- 5) The MTCVB and the Council should consider meeting annually for MTCVB to provide an update on the Bureau's activities during the prior year, its successes and challenges, and its plans for the next year.

³The results obtained from spending on advertising, outreach, and other marketing efforts do not conform to a 12 month accounting period. The benefits of such efforts may not be felt until months or years in the future.

Next Steps:

Surveys (Attachment 9) were sent to businesses and individuals seeking input on MTCVB. Council Offices were also provided the survey to distribute to additional parties. As of March 29, 2011, 44 surveys have been returned. Additionally, a Subcommittee meeting has been set for April 21, 2011 with the sole purpose of allowing interested parties the opportunity to provide their perspective on the performance, value, or contributions of the MTCVB. A report to Mayor and Council will be prepared summarizing the information obtained from the surveys and meeting comments.

When the Pima County audit on the MTCVB is available, the Commission will review it and prepare a report to Mayor and Council.

Acknowledgements:

The Commission wishes to thank the City and MTCVB staffs, especially Jonathan Walker and Richard Vaughan who both attended every Commission Subcommittee meeting and provided all requested information. Additional thanks go to Jane Prior, Internal Audit Manager, and Dennis Woodrich, Principal Auditor, for their efforts in peer research and meeting coordination.

ATTACHMENT 1
PEER SURVEY

CITY OF TUCSON
INDEPENDENT AUDIT AND PERFORMANCE COMMISSION
METROPOLITAN TUCSON CONVENTION AND VISITORS BUREAU
PEER SURVEY

City	Question 1	Question 2	Executive salary (2008 Form 990)	Question 3	Question 4	Question 5	Question 6	Question 7	Question 8*
Austin	77.6% of funding from HOT, 11.5% retail, 1.7% billing services, 4.6% in-kind, 3.8% partner promotions, 0.8% miscellaneous city tax is 9% city tax of which 16.1% dedicated to tourism	\$8,625,391 22.46% of budget is for marketing - \$1,936,906	\$279,625	UNCLEAR - submitted a monthly industry report: lodging, aviation passengers, visitor inquiries, website traffic, group leisure travel, CVB bookings, definite room nights, meeting leads, tradeshows and events	city, ACVB BOD, industry stakeholders, public	compare with fiscal year goals and previous year's performance	DMAI 2004 economic impact study (2004) adjusted to CPI and ADR	convention sales, convention services, tourism, marketing, communication, film, music, visitor center and services, housing, sports commission	26 members (can have up to 50), 60% from hospitality industry, convention center director, city manager designee, president of CVB is ex-officio, meet at least quarterly
Oklahoma City	dedicated HOT of 5.5%, 4/11ths dedicated to tourism promotion, 6/11ths to capital, 1/11th to event sponsorship	\$4,232,100, 57.5% direct promotion - \$2,443,458	unknown	city council	CVB commission/city council, secondarily to the C of C BOD	report actuals to contracted goals	direct spending, not EI, DMAI study adjusted to current ADR	individual leisure, conventions, sports, major equine programs	17 members = 5 hoteliers, 5 at-large tourism industry reps, 3 C o C appointees, city manager or designee, 1 council member, 2 tourism appointees - meet 6 times a year
Phoenix	78% of funding through HOT, remainder is private sector	FY10 actual expenditures of \$11,45M, 31% marketing and advertising, 29% for convention promotion	\$399,900	staff and senior management executive committee	staff, BOD, city, stakeholders, monthly reports to city, quarterly to county	actuals versus goals	do not discuss or measure, estimated direct spend per delegate	all destination marketing	up to 34 members, county has 1 seat, city holds 4 (3 vote), quarterly meetings
Denver	78% HOT	\$16.15M, 34% advertising - \$5.4M, 16% marketing - \$2.5M	\$306,897	industry input, BOD	BOD, city, county	BOD, city, county evaluate - no answer to how evaluated	room nights, convention and tourism spending, marketing evaluated by impressions, PR by Ad Value Equivalency	tourism, sports, meetings	39 BOD of industry and community leaders, and up to 16 community (non-voting)
Scottsdale	84% from municipalities (bed tax is 65% of annual revenue)	\$8,727,340, 52% towards marketing, advertising, sales programs - \$4,538,217	\$263,394	collaborate with city	BOD, city, tourism development commission, state, Paradise Valley, Tribal Councils	city's tourism development coordinator evaluates whether performance measures were met, Paradise Valley city manager	annual visitor statistics study	marketing, leisure meetings, convention sales, tourism	23 members (1 from each governmental entity - Scottsdale, Paradise Valley, Salt River Tribe, Fort McDowell Tribe), meet 5 times a year, executive committee 5 or 6 times

ATTACHMENT 2
MASTER OPERATING AGREEMENT

EXHIBIT A TO RESOLUTION NO. 19581

CITY OF TUCSON CONTRACT NO. 0493-03

**MASTER OPERATING AGREEMENT
WITH
METROPOLITAN TUCSON CONVENTION AND VISITORS BUREAU**

BY THIS MASTER OPERATING AGREEMENT, hereinafter referred to as "Agreement", made and entered into this 5 th day of May, 2003, between the CITY OF TUCSON, ARIZONA, a municipal corporation, hereinafter referred to as "City", and the METROPOLITAN TUCSON CONVENTION AND VISITORS BUREAU, an Arizona nonprofit corporation, hereinafter referred to as the "Bureau"; the City and the Bureau do hereby confirm and agree as follows:

WHEREAS, pursuant to the direction of the governing body on April 19, 1982, a nonprofit corporation, the Bureau, has been created by the filing of articles of incorporation and bylaws for a nonprofit corporation under the laws of the State of Arizona; and

WHEREAS, the City recognizes the corporation as the principal mechanism through which tourism and convention activities will be undertaken in the furtherance of the goals and objectives as set out in the Articles of Incorporation dated April 15, 1982, and such other direction as may be approved by the City in the future; and

WHEREAS, it is the intent of the City, subject to the provisions of the state budget law, to provide long-range funding to the Bureau at an amount equal to forty-five percent (45%) of the previous year's collection of the City transient occupancy tax under Tucson Code § 19-66(a) in fiscal year 2006 and thereafter during the duration of this Agreement, such amount to be the sole source of revenue for the Bureau from the City; and

WHEREAS, the City and the Bureau desire to establish a general framework for future cooperative efforts, especially the general procedures by which the Bureau will prepare and carry out tourism and convention activities;

NOW, THEREFORE, in consideration of the foregoing, the parties do mutually agree as follows:

ARTICLE I

RESPONSIBILITIES OF THE PARTIES

SECTION 1.1. Responsibilities of the Bureau. The Bureau may exercise its powers as described in the Bureau's articles of incorporation dated April 15, 1982. It is mutually understood and agreeable to both parties that the specific techniques detailed in Section 1.1. may be used from time to time. However, the Bureau reserves the right to utilize whatever market-driven strategies is necessary to achieve the stated objectives.

A. *Goals Statement.* The Metropolitan Bureau will initiate, implement and administer a comprehensive sales program to attract an increasing number of convention delegates and vacationing tourists to the City, thereby gaining revenues to the community through transient rental and sales taxes, and contributing to the overall economic growth of the tourism and hospitality industry.

B. *Operational Objectives.*

(1) Bureau Administration

The Bureau shall:

Provide administrative control over all Bureau programs within the guidelines established by the Bureau's Executive Committee;

Provide administrative and managerial direction in the planning, implementation, and coordination of all Bureau operations;

Provide recommendations for the Bureau's financial and managerial policies to the Executive Committee; and

Provide policies to increase the number of major conventions and trade shows; the volume of off-season business and to increase community awareness in the Bureau's purpose, activities and achievements in order to ensure the Bureau's base of membership funding.

(2) Convention Sales

The Bureau shall attract an increasing number of meetings and conventions to Tucson particularly in the off-season, May to November, by employment of the following strategies targeted to association and corporate groups: trade shows, direct mail, advertising, personal and telephone solicitation, familiarization trips, site visits, public relations

activities, bid presentations, speaking engagements and local sponsor activity.

In addition, the Bureau will provide services to meetings and conventions booked in Tucson including but not limited to program material, itineraries, assistance with registration and spouse programs, directory of member services and facility coordination.

As the marketing agent of the Tucson Convention Center (TCC), the Bureau will prepare, in conjunction with the TCC Director, and subject to the approval of the City Manager or his designee, an annual marketing plan relating to convention sales at the TCC. This completed plan shall be submitted to the Director of the TCC.

(3) Tourism Development

The Bureau shall increase the number of Mexican and other foreign tourists and United States citizens visiting Tucson by employment of the following strategies targeted at travel agents, tour operators, wholesalers and consumers: trade shows, direct mail, advertising, personal and telephone solicitation, familiarization trips, site visits, public relations activities, cooperation with State tourism office sponsored activities, and travel writer familiarization trips.

In addition, the Bureau will provide services to Mexican and other foreign and United States visitors including but not limited to Visitors Guides, foreign language brochures and materials, maintaining a Visitor Center open daily and prompt fulfillment of all personal, mail and telephone inquiries.

(4) Tucson Film Office

The Bureau shall establish a film office that will:

Make a positive economic impact in Tucson by attracting film, video, and photo shoots to Southeastern Arizona. The Tucson Film Office shall strive to make location filming an efficient, cost-effective and enjoyable experience for filmmakers by providing the following services:

Scouting — Assist with location scouting, photography, and contracts.

Liaison — Work with city, county, state and federal agencies as well as institutions and individual property owners to coordinate production needs.

Production — Provide information on accommodations, equipment, crew and local suppliers

(5) Membership Development

The Bureau shall establish a partnership with the Tucson community, through solicitation of direct and indirect member categories, which will invest in a joint effort to market Tucson and Pima County as a leading convention and visitors destination.

The Bureau shall continue its commitment to develop member benefits and programs that will ensure participation and involvement in the tourism industry.

The Bureau shall establish dues structure that is fair, equitable and in line with the cost of delivering programs and member services.

Retention of members is a top priority. The Bureau shall build a solid membership base through ongoing evaluation and creation of new programs that will meet the needs of the membership.

SECTION 1.2. Responsibilities of the City. The City recognizes the Bureau as the principal mechanism through which tourism and convention hospitality activities will be planned and carried out within the metropolitan Tucson area.

Where provided by this contract, the City will exercise the City's powers under state law, the Charter, and the Tucson Code as necessary to assist the Bureau in its pursuit of its stated goals and objectives.

ARTICLE II

FUNDING

SECTION 2.1. The Bureau is not, nor shall it be deemed to be, a department or operating agency of the City, however as the principal mechanism through which tourism and convention activities will be undertaken in the City of Tucson, the City intends on providing funding to the Bureau pursuant to this Agreement.

- A. For Fiscal Years 2004 and 2005, the Bureau is authorized to be allocated \$3,000,000 and \$3,100,000, respectively, which are not related to a percentage of the amount of transient occupancy tax collections under Tucson Code § 19-66(a). Thereafter, it is the intent of the City that, beginning in Fiscal Year 2006, the Bureau shall receive annually from the City an amount equal to forty-five percent (45%) of the previous fiscal year's transient occupancy tax under Tucson Code § 19-66(a) as collected by the Department of Finance, City of Tucson. During the City's

annual budget preparation, the City will project the amount of the transient occupancy tax collection under Tucson Code § 19-66(a) and provide this information to the Bureau for its use in preparing its budget for the coming fiscal year. The Bureau will receive an amount equal to forty-five percent (45%) of the previous fiscal year's transient occupancy tax under Tucson Code § 19-66(a) even if the projected amount exceeds or is less than the actual amount collected. Monthly disbursements at the beginning of the fiscal year will be based on the projected amount until the actual amount collected is determined. Thereafter, the monthly disbursements will be adjusted to ensure the Bureau receives an amount equal to forty-five percent (45%) of the previous fiscal year's transient occupancy tax under Tucson Code § 19-66(a). Disbursement of funds from the City is subject to the annual appropriation by the City Council and the limitations of the state and City budget law. The City's commitment under this Agreement is the amount appropriated annually, which may be less than the amount defined in this subsection due to City Manager action taken pursuant to Section 5.8 or for budgetary reasons as determined by the Mayor and Council.

- B. Beginning in fiscal year 2006, a portion of the amount allocated by the City pursuant to Section 2.1(A), shall be used by the Bureau, as the Bureau deems appropriate, in negotiating rate reductions with potential TCC customers for facility use and activities to market the TCC. (See Section 5.7.B.6 regarding procedures for granting discounts.) These funds shall constitute the "TCC Marketing Fund," which the Bureau shall track separately. This portion shall be two percent (2%) of the previous year's transient occupancy tax collection under Tucson Code § 19-66(a) by the City, leaving forty-three percent (43%) for the Bureau to spend on the responsibilities outlined in Section 1.1 of this agreement. Reductions may be offered on rental rates, facility charges, parking rates, or any other fees or expenses normally charged by the TCC. The Bureau shall pay these negotiated discounts to the TCC at the time payment is due from the association renting the Center.

Activities to market the TCC can include efforts to retain established customers and attract new users of the TCC. Any use of the Marketing Fund for projects that do not reduce the cost of TCC use for a specific customer will require the mutual approval of the President of the Bureau and the Director of the TCC.

- C. At the end of each fiscal year, any funds remaining in the TCC Marketing Fund shall be given to the City for deposit in the TCC Capital Reserve Account Fund.
- D. The Bureau shall submit its proposed annual budget to the City Manager in accordance with the City of Tucson annual budget calendar. The

budget format will conform to any instructions provided by the City of Tucson.

- E. It shall be the responsibility of the Bureau to obtain funding from sources other than the City. Financial participation agreements with other governments and government agencies, grants, donations, memberships, and any other sources of funding as may become available from time to time shall be included as part of the annual budget submission.
- F. Financial Reporting and Method of Payment.
 - 1. On a monthly basis, the Bureau shall submit a Request for Payment form to the City's Director of Budget and Research detailing the Bureau's proposed expenditures for the month and a financial statement detailing revenues and expenditures as of the close of the previous month.
 - 2. Upon review of the Request for Payment form and the previous month's financial statement by the Director of Budget and Research, and approval thereof by the City Manager, the City's Director of Finance shall make payment to the Bureau.
- G. The City may withhold whole or part of the scheduled payment, reduce, or terminate funding allocations to the Bureau, if:
 - 1. Services were not rendered as defined by this Agreement or the Annual Performance Agreements described in Section 5.8 or the Bureau did not comply with the performance objectives of this Agreement or the Annual Performance Agreements;
 - 2. The Bureau failed to supply information or reports as required;
 - 3. The Bureau is not in compliance with agreed disbursement documentation, accounting procedures, or performance;
 - 4. The Bureau failed to make required payments to subcontractors; or
 - 5. The City has reasonable cause to believe the Bureau is not in compliance with the nondiscrimination clause of this Agreement.

Such payment reductions or payment termination may result in the Bureau receiving a lesser total City allocation under this agreement than the maximum funding possible. If reasons for withholding payment have been corrected to the reasonable satisfaction of the City, any amounts due shall be processed. The City will be reimbursed for any funds expended for services not rendered.

- H. If the City Manager has reason to believe that the Bureau is in noncompliance as defined in Subsection G, the City Manager shall notify the President of the Bureau prior to any action taken by the City under this Subsection. The President shall respond within 15 days of receipt of the City Manager's letter and shall provide the City Manager with a time frame, which shall in no event be longer than 90 days, and plan to cure the noncompliance. The City Manager shall respond to the President's letter within 15 days of receipt of the President's plan and either accept the proposed plan and time frame or require different or additional steps be taken to cure.
- I. The funds described in Subsection 2.1.A shall be deposited by the City in a specific revenue account administered by the Finance Director.

ARTICLE III

ACCOUNTABILITY

SECTION 3.1. The Bureau shall maintain a true and accurate accounting system which meets generally accepted accounting principles, and which is capable of properly accounting for all expenditures and receipts of the Agency on a timely basis. In addition, the Bureau shall maintain evidence of its compliance with the nondiscrimination provision of this Agreement. The Bureau's accounting system shall permit the City to ascertain and verify that the Bureau allocated City funds for expenditures authorized by this Agreement and the Annual Performance Agreement.

SECTION 3.2. The Bureau shall provide the Audit Division of the Finance Department of the City, within three months after the close of the Agency's fiscal year, a copy of the financial audit of the Bureau's operations by an independent certified public accountant, along with any management letter, and, if applicable, the Agency's plan for corrective action.

SECTION 3.3. If for good reason the Bureau cannot meet the times established for submission of financial reporting, the Bureau shall notify the Audit Division in writing of the reason for the delay, provide an expected completion date, and request a waiver of the due date. At any time during or after the period of this contract, the Audit Division of the City Finance Department or a City agent may audit the Bureau's overall financial operation or compliance with the nondiscrimination clause of this Agreement for the contract period. The Bureau shall provide any financial reports, nondiscrimination policies and procedures, or other documentation necessary to accomplish such audits.

SECTION 3.4. The City shall incur no liability for ineligible expenses and such shall be the sole responsibility of the Bureau.

ARTICLE IV

MEMBERSHIPS AND OTHER FUNDING

SECTION 4.1. The Bureau shall actively solicit memberships as well as financial participation by Pima County and other incorporated cities and towns who benefit from the services provided by the Bureau.

ARTICLE V

MISCELLANEOUS TERMS AND CONDITIONS

SECTION 5.1. Duration and Termination.

A. The term of this Agreement shall be for a period of ten (10) years from July 1, 2003, automatically renewable for another like term without further action by either party, unless the Agreement is sooner terminated under the procedure set forth herein.

B. Each party to this Agreement, after giving the other party written notice, may terminate this Agreement. The City may terminate this Agreement upon action by the Mayor and Council (1) due to the Bureau's failure to perform as directed by this Agreement or the Annual Performance Agreement, (2) for reasons deemed by the Mayor and Council to be in the best interests of the City, or (3) as required by applicable law. The Mayor and Council may terminate this Agreement pursuant to Section 5.1.B(1) only after the cure provisions of Section 2.1.H have been implemented. If the Mayor and Council terminate this Agreement pursuant to Section 5.1.B(2) and, within one year after such termination, the City desires to continue the services provided for by this Agreement, the City shall choose the entity to provide such services through a request for proposal procedure provided for by the Procurement Code. In the case of termination pursuant to Section 5.1.B(2), the Bureau may continue to operate for four months under this Agreement, or a lesser time at the discretion of the Bureau, to conclude their obligations with the City.

SECTION 5.2. Nondiscrimination provisions. The Bureau, in its employment policies and practices, in its public accommodations, and in its provision of services, shall obey all relevant and applicable, federal, state, and local laws, regulations and standards relating to discriminations, biases, and/or limitations, such as, but not limited to, Titles VI and VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Arizona Civil Rights Act, the Arizonans' with Disabilities Act, the Human Relations provisions of the Tucson Code, and the Mayor and Council policy adopted on September 25, 2000, prohibiting the direct or indirect grant of discretionary City funds to organizations that have a policy of

exclusionary discrimination on the basis of race, color, religion, ancestry, sex, age, disability, national origin, sexual orientation, gender identity, familial status or marital status. See Administrative Guidance Re: Non-Discrimination Policy for Programs Funded by the City of Tucson, attached and incorporated herein by this reference.

SECTION 5.3. Hold Harmless and Insurance Provisions.

A. *Indemnification.* The Bureau agrees to indemnify and save harmless the City, its Mayor and Council, appointed boards and commissions, officials, officers, employees and insurance carriers, individually and collectively (the "City") from all losses, claims, suits, demands, expenses, subrogations, attorneys' fees or actions of any kind and nature resulting from personal injury to any person (including bodily injury and death) or damages to any property arising or alleged to have arisen out of either (1) the Bureau's negligent performance of the terms of this contract, or (2) any of the Bureau's acts or omissions, except to the extent attributable to the act or omission of the City. The amount and type of insurance coverage requirements set forth below will in no way be construed as limiting the scope of indemnity in this paragraph.

B. Insurance.

1. The Bureau shall obtain insurance coverage of the types and amounts required in this section and keep such insurance coverage in force through the life of this contract. All policies will contain an endorsement providing that written notice be given to the City at least thirty (30) calendar days prior to termination, cancellation or reduction in coverage in a policy.
2. The Comprehensive General Liability insurance and Comprehensive Automobile Liability insurance policies will include the City as an additional insured with respect to liability arising out of the performance of this Agreement. The Bureau agrees that the insurance required hereunder will be primary and that any insurance carried by the City will be excess and not contributing.
3. The Bureau shall provide and maintain minimum insurance limits, and provide proof to the Director of Finance of such coverage, as follows:

<u>Coverage Afforded</u>	<u>Limits of Liability</u>
Workman's Compensation Employer's Liability	Statute \$100,000
Comprehensive General Liability Insurance	\$5,000,000 Combined Single Limit
(a) Products and Completed Operations	
(b) Blanket Contractual	
(c) Advertising Liability	
(d) Host Liquor Law Liability	
(e) Broad Form Property Damage	
(f) Personal Injury	
Comprehensive Automobile Liability Insurance	\$5,000,000 Combined Single Limit
Including:	
(a) Non-owned	
(b) Leased	
(c) Hired Vehicles	
Employees Blanket Bond	\$100,000
Broad Form Money Securities	5,000

SECTION 5.4. Conflict of Interest. The Bureau agrees that the provisions of A.R.S. Title 38, Article 5, "Conflict of Interest of Officers and Employers", apply to all the transactions of the Bureau.

SECTION 5.5. Open Meeting. The Bureau agrees to conduct its business in compliance with the provisions of A.R.S. Title 38, Article 3.1 "Public Meetings and Proceedings".

SECTION 5.6. Purchasing. In purchasing contracts for goods and services, the Bureau agrees that it will implement and maintain policies and procedures that ensure, wherever feasible or practical, that there will be announced, documented, competitive bidding for such contracts so that the potential effectiveness, as well as cost factors, are considered by the Bureau in the selection of said goods and services.

SECTION 5.7. Tucson Convention Center. It is the intent of the City and Bureau to provide an ongoing agreement and cooperative effort between the TCC and the Bureau. Therefore, the Bureau and the City agree to the policies and procedures set forth below.

A. Policy.

1. The primary purpose of the Bureau as it relates to the TCC is to bring events to the TCC that require 250 overnight rooms in Tucson hotels. All policy and procedure statements listed here relate to this type of use of the TCC. These uses are commonly referred to as conventions, conferences, and trade shows.
2. For all convention groups using the TCC, control of scheduling booking and final confirmation of the rates will be made by the Director of the TCC in conjunction with the President of the Bureau.
3. The Convention Bureau has priority on all dates and space, with the exception of the Music Hall and the Leo Rich Theater, at the TCC eighteen (18) months and out.
4. The TCC will accept dates eighteen (18) months and out for events other than conventions only on a tentative basis, and with the approval of the Bureau. At the time of the execution of this agreement, long-term contracts exist with the SAHBA Home Show and the American Home Show. Therefore, they are exceptions to the above but these existing contracts will not be renewed or otherwise entered into again once the existing contracts expire with the approval of the President of the Bureau.
5. Within eighteen (18) months of current date, the TCC will have priority on all dates and space, with uncontracted dates available for conventions on a priority basis.
6. The Bureau will utilize the existing TCC convention rental rate schedule.

B. Procedure.

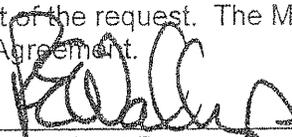
1. The Bureau will be given access to the TCC computer-based scheduling and event management software, subject to the control and direction of the Director of the TCC. With this program, the Bureau will be able to view date availability, hold tentative dates, call for contracts on definite dates, and convert these to firm bookings when a fully executed contract is received for convention groups on the TCC calendar more than eighteen (18) months out.

2. Access to the TCC scheduling software shall be granted only to Bureau employees who have received training in the use of the software. Bureau employees with access to this program shall follow all of the procedures and data input protocols established by the TCC.
3. Bureau employees with access to the scheduling software shall make every effort to keep the information about Bureau convention groups up to date.
4. The Bureau shall keep information regarding clients and events listed in the computer system confidential and shall not share any information with others.
5. As the Bureau pursues potential customers of the TCC, they shall quote the rental rates established by the TCC. From time to time, it will make good business sense to offer a group a discounted rate. The Director of the TCC shall establish guidelines for granting discounts, and shall provide a copy of these guidelines to the Bureau. In negotiating with potential clients, the Bureau is authorized to grant discounts within these guidelines. In some cases, the Bureau may believe a larger discount will be needed to sign a potential client, and the anticipated economic impact from this client warrants such a discount. In these cases, the Bureau may offer additional discounts beyond what is established in the guidelines.
6. If a discount is granted that is beyond what is outlined in the guidelines, the Bureau shall pay the difference between the guideline rates and the final negotiated rates to the TCC from the TCC Marketing Fund, described in Section 2.1 B, above. Discounts given that are within the guidelines established by the TCC will be absorbed by the TCC and do not have to be paid from the TCC Marketing Fund. Payments from the TCC Marketing Fund are due from the Bureau to the TCC at the time the payment is due from the association renting the Center. In any given year, if discount payments exceed available funds in the TCC Marketing Fund, the Bureau shall be responsible for paying this difference from other funding sources.
7. The Bureau will make every effort, whenever feasible, to utilize TCC facilities.

8. Any disagreement under this Section 5.7 shall be resolved by the City Manager or his designee and Chairman of the Board of Directors of the Bureau.

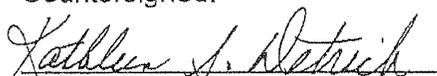
SECTION 5.8. Performance Evaluation. In order to assess the performance of the Bureau, the City shall evaluate the Bureau's performance. For each year of this Agreement, the Bureau shall enter into an Annual Performance Agreement with the City. The City Manager is authorized to execute the Annual Performance Agreement on behalf of the City. The Bureau will provide the City Manager with quarterly performance reports and an annual performance report by August 31st of each year of this Agreement documenting its success in meeting goals and objectives under this Master Operating Agreement and the Annual Performance Agreement. The City Manager will consult with the President of the Bureau in determining reasonable performance goals for the succeeding year. By September 30th of each year of this Agreement, the City Manager shall provide an annual performance evaluation for the preceding year to the Bureau that shall contain the Manager's budget recommendation for the Bureau for the upcoming fiscal year. The budget recommendation shall be consistent with the provisions outlined in Section 2.1.A, but may be a lesser amount if the City Manager determines that the Bureau's performance under this Agreement and the Annual Performance Agreement is below satisfactory levels. The dates set forth in this Section may be altered by the City Manager, in consultation with the President, for budgetary or fiscal reasons or because alternate dates are in the best interests of the Bureau.

SECTION 5.9. Contract Amendments. By mutual consent of both the City and the Bureau, this Agreement may be re-opened for renegotiation of and/or the addition/deletion of amendments. Any request for renegotiation shall be in writing, detailing the requested changes. A meeting to discuss the changes shall be held within thirty (30) days of the receipt of the request. The Mayor and Council must approve any amendments to this Agreement.



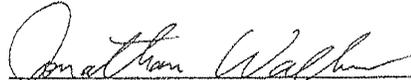
as Mayor and not Personally
ROBERT E. WALKUP
MAYOR

Countersigned:



As City Clerk and not personally
Kathleen S. Detrick
City Clerk

THE BUREAU: METROPOLITAN
TUCSON CONVENTION AND
VISITORS BUREAU



Authorized Signature

Witness to Bureau Signature:



Approved as to form this 29th day
of April, 2003



As Assistant City Attorney
and not personally



MEMORANDUM

DATE: November 10, 2003

TO: Kathleen Detrick
City Clerk

FROM: David L. Deibel
Senior Asst. City Attorney
x 4221

RE: SCRIVENER'S ERROR IN RESOLUTION 19581
AND THE EXHIBIT THERETO

Resolution 19581 and the exhibit to that resolution contain scrivener's errors that can be cured administratively without further action by the Mayor and Council. In the penultimate Whereas clause to Resolution No. 19581, "Tucson Code § 19-66" should read "Tucson Code § 19-66(a)". In the penultimate Whereas clause to Exhibit 1 to the resolution, "Tucson Code § 19-66(a)" should be inserted after "transient occupancy tax".

In Section 2.1.A. of the Exhibit, the phrase "under Tucson Code § 19-66(a)" should be inserted after "tax collections" at the end of the first sentence of that subsection. In the second sentence of that same subsection, the phrase "under Tucson Code § 19-66(a)" should be inserted after "transient occupancy tax". In the third sentence of that same subsection, the phrase "under Tucson Code § 19-66(a)" should be inserted after "tax collection". In the fourth and sixth sentence of that same subsection, the phrase "under Tucson Code § 19-66(a)" should be inserted after "transient occupancy tax". In the third sentence of Section 2.1.B. of the Exhibit, the phrase "under Tucson Code § 19-66(a)" should be inserted after "tax collection".

I am attaching a clean version of Resolution No. 19581 and Exhibit A thereto showing the corrections described above as underlined text. Please let me know if you have any questions concerning this correction.

DD:hm
Attachments

cc: Jonathan Walker – Director, Metropolitan Tucson Convention & Visitors Bureau
Scott Douthitt – Director, Finance Department

CITY OF TUCSON
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ATTACHMENT 3
FY 2010 SUPPLEMENTAL AGREEMENT

City of Tucson
MEMORANDUM OF UNDERSTANDING
FISCAL YEAR 2010

Annual Supplement to the Master Operating Agreement (MOA)
Approved by the City of Tucson Mayor and Council on 5/5/03
(Contract Number 0493-03)

AGENCY: Metropolitan Tucson Convention and Visitors Bureau (MTCVB)

SUBJECT: Scope of Services, Performance Measures, and Reporting Commitment

CITY FUNDING: The MOA provides for a distribution of forty-five percent (45%) of the previous fiscal year's (FY 2009) transient occupancy tax (TOT) as collected by the City's Department of Finance. However, during Fiscal Year 2010 budget balancing, the Mayor and Council allocated a fixed amount \$4,036,350 to the MTCVB.

Per mutual agreement, City funds are disbursed on a monthly basis twelve times during the fiscal year starting August 1, 2009 and ending on June 30, 2010. Disbursements will be made following MTCVB's submittal of a payment request and a report of revenues and expenses for the prior month to the Office of Budget and Internal Audit. Performance reporting will be submitted on a quarterly basis.

SCOPE OF SERVICES: The operational objectives and responsibilities of the MTCVB as included in the MOA adopted by Mayor and Council on May 5, 2003 are: 1) Bureau Administration, 2) Convention Sales, 3) Tourism Development, 4) Tucson Film Department, and 5) Membership Development.

FISCAL YEAR 2010 STRATEGIC INITIATIVES: The following specific initiatives acknowledge the partnership in which the City recognizes and financially supports the MTCVB as the principal mechanism through which tourism and convention hospitality activities are planned and carried out within the metropolitan Tucson area – all of which contribute to the economic development of the region.

- 1) Tucson Convention Center (TCC) and Group Meetings – Promote usage and assist in development of TCC facilities and downtown hotels as well as downtown restaurants and venues.
- 2) 2010 GemRide Shuttle – MTCVB will serve as a coordinator for the Gem Ride operations. As outlined and agreed to by the Gem Show owners in a meeting in February 2009, those show owners that want shuttle service will pay for it either directly to the shuttle provider or through the MTCVB. The City's ParkWise

Transportation Program Coordinator will continue to serve in a consultation capacity and assist with route design. The City will also provide the parking hubs as they were last year and will provide the MTCVB with the net revenues from the Gem Ride shuttle parking operations.

- 3) Downtown Marketing – Collaborate with Downtown Tucson Partnership, Inc., Tucson-Pima Arts Council, and the City of Tucson in advocating for and taking proactive action to stimulate the creation of a vibrant, livable, safe and attractive downtown Tucson.
- 4) Marketing of Events, Attractions, and Cultural Activity – Support local major events through marketing and advertising sponsorship packages to ensure their success (e.g., El Tour de Tucson, Mariachi Festival, International film festivals, Decemberfest, and Dia de los Muertos).
- 5) Tucson-Pima Arts Council (TPAC) and Strengthening the Business Practices of Tucson's Arts Community - Work closely and collaboratively with TPAC to promote and support events and arts activities especially in the downtown area.
 - a) Provide \$40,000 in funds to TPAC (\$20,000 in March 2010 and \$20,000 in May 2010) for arts development and promotion initiatives which will provide professional development workshops and grants to help fuel our tourism industry. (TPAC's performance measures for the following activities are included in Attachment 1.)
 - Cultural Tourism Professional Development Services (\$20,000). TPAC will be hosting a series of professional development workshops and services for art organizations and hoteliers on cultural tourism promotion and programming that will support and advance their business practices.
 - Marketing of Tucson Cultural Experiences (\$20,000). TPAC will be producing a marketing campaign for the city's cultural organizations focused in the following areas: Festivals, Performance; Visual, Literary Arts and Heritage/Cultural Legacy.
 - b) Showcase TPAC and special arts and culture events on MTCVB's Website. Feature arts and downtown attractions via e-mail blasts to be targeted to approximately 100,000 visitors included in the arts and culture database.
- 6) Mexico Promotion of the Arts and Downtown – Promote Tucson's arts, culture, and downtown events to the Mexican market by targeting Mexican trades shows; advertising on cable television, electronic billboards, and the Spanish Visitors Guide; and distributing arts materials and brochures at the MTCVB Visitors Center in Hermosillo.

- 7) Arizona International Film Festival (AIFF) – Work in partnership with the Arizona Media Arts Center to market and promote the 19th annual AIFF expected to be scheduled in April 2010 by:
- Providing \$10,000 in sponsorship funding by the end of January 2010.
 - Targeting advertising in appropriate local and other publications to help boost awareness and attendance.
 - Promoting AIFF event on MTCVB's Website, calendar and publications.
- 8) Sports Development and Events – Sustain a targeted sales and marketing plan to secure major youth and amateur sporting events that will book the TCC and downtown hotels. Contribute to the development and progress of the Pima County Sports and Tourism Authority to support the involvement and attraction of these types of events. Expand marketing promotion of the Colorado Rockies in the Denver, Colorado area and regional markets to attract visitors to Tucson during the spring training season. Provide support to the spring 2010 World Golf Championship in order to showcase the region's business and recreational opportunities.

KEY INDICATORS:

The Agency shall provide the following units of service during Fiscal Year 2010:

Convention and Group Business – Metro Area (Non-Tucson Convention Center)	ACTUAL FY 2008	ACTUAL FY 2009	PROPOSED FY 2010
Leads	1,151	879	808
Bookings	749	516	525
Room Nights Sold	449,875	332,272	292,000
Delegates Booked	190,309	150,481	131,000
Economic Impact	\$185.5 Million	\$144.5 Million	\$145.0 Million
Tucson Convention Center and Downtown			
Leads	36	29	29
Bookings	19	14	14
Room Nights Sold	41,310	41,842	37,230
Delegates Booked	58,943	64,960	40,000
Economic Impact	\$31.5 Million	\$34.3 Million	\$30.0 Million
Film Office			
Number of Production Days	354	325	290
Direct Spending	\$3.3 Million	\$4.8 Million	\$3.2 Million
Room Nights	2,704	3,087	2,100
Economic Impact	\$5.0 Million	\$7.2 Million	\$6.0 Million
Local Job Days Produced	3,332	3,295	2,700
Production Leads	272	185	160
Definite Projects	62	49	41
Scouting/Site Visits	65	73	65
Tradeshows	7	6	5

	ACTUAL FY 2008	ACTUAL FY 2009	PROPOSED FY 2010
Mexico Tourism Development			
Trade Shows: (Hermosillo, Ciudad Obregon, Culiacan, Los Mochis, Ciudad Juarez, and Chihuahua)			
Number Organized and Conducted	5	4	4
Number Participated In	4	2	2
Advertising Campaigns: (1 branding and 4 special events)			
Number of Print Ads Placed	82	69	58
Number of Radio Spots	792	7,020	4,500
Number of TV Spots	120	128	120
Number of Outdoor Media Displays	24	12	12
Direct Mail Campaign, Print Pieces Sent	445,000	720,000	400,000
Sports Development			
Leads	60	59	53
Bookings	51	38	35
Room Nights Sold	37,567	36,781	31,000
Delegates/Participants	42,271	39,848	35,000
Economic Impact	\$25.9 Million	\$27.5 Million	\$22.0 Million

ACCOUNTABILITY:

The Agency shall maintain a true and accurate accounting system which meets generally accepted accounting principles, and which is capable of properly accounting for all expenditures and receipts of the Agency on a timely basis. In addition, the Agency shall maintain evidence of its compliance with the nondiscrimination provision of this Agreement.

The Agency's accounting system shall permit separate, identifiable accounting for all funds provided by the City pursuant to this Agreement.

The Agency shall provide a copy of the financial audit of the Agency's operations by an independent certified public accountant to the Office of Budget and Internal Audit of the City within three months after the close of the Agency's fiscal year, along with any management letter, and, if applicable, the Agency's plan for corrective action.

If for good reason the Agency cannot meet the times established for submission of financial reporting, the Agency shall notify the Internal Audit Section of the Office of Budget and Internal Audit in writing of the reason for the delay, provide an expected completion date, and request a waiver of the due date.

At any time during or after the period of this contract, the Internal Audit Section of the Office of Budget and Internal Audit of the City or a City agent may audit the Agency's overall financial operation or compliance with the nondiscrimination clause of this

Agreement for the contract period. The Agency shall provide any financial reports, nondiscrimination policies and procedures, or other documentation necessary to accomplish such audits.

NONDISCRIMINATION:

The Agency, in its employment policies and practices, in its public accommodations and in its provision of services shall obey all relevant and applicable, federal, state, and local laws, regulations and standards relating to discriminations, biases, and/or limitations, such as, but not limited to, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Arizona Civil Rights Act, the Human Relations provisions of the Tucson Code, and the Mayor and Council policy adopted on September 25, 2000, prohibiting the direct or indirect grant of discretionary City funds to organizations that have a policy of exclusionary discrimination on the basis of race, color, religion, ancestry, sex, age, disability, national origin, sexual orientation, gender identity, familial status or marital status.

SUBRECIPIENT FUNDING AGREEMENTS:

The Agency agrees to include the nondiscrimination provision contained herein in all of its subrecipient funding agreements.

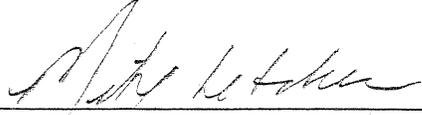
MATCHING GRANTS:

The Agency agrees to obtain Mayor and Council approval prior to applying for any matching grants involving the commitment of City funds.

REPORTING AND PERFORMANCE EVALUATION:

The Agency agrees to submit quarterly performance reports to the City through the Office of Budget and Internal Audit. These reports are to include quantitative data on the contract Performance Measures as well as narrative documentation and specific details on the activities undertaken and progress on the contract Strategic Initiatives. In addition, MTCVB shall submit an annual performance report by August 31, 2010 documenting the Agency's success in meeting goals and objectives under the Master Operating Agreement (MOA) and this document.

CITY OF TUCSON
OFFICE OF THE CITY MANAGER

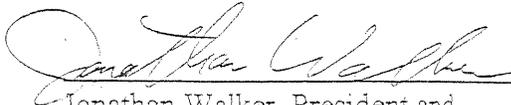


Mike Letcher, City Manager

9/2/09

Date

METROPOLITAN TUCSON
CONVENTION AND VISITORS
BUREAU (MTCVB)



Jonathan Walker, President and
Chief Executive Officer

9/2/09

Date

ADOPTED BY THE
MAYOR AND COUNCIL

May 5, 2003

RESOLUTION NO. 19581

RELATING TO METROPOLITAN TUCSON CONVENTION AND VISITORS BUREAU;
AUTHORIZING AND APPROVING THE EXECUTION OF A MASTER
OPERATING AGREEMENT BETWEEN THE CITY OF TUCSON AND THE
METROPOLITAN TUCSON CONVENTION AND VISITORS BUREAU; AND
DECLARING AN EMERGENCY.

WHEREAS the tourism and convention industry is a leading sector of the City's
economic base; and

WHEREAS the Metropolitan Tucson Convention and Visitors Bureau (MTCVB) is
the main organization in Tucson responsible for the promotion of tourism in Tucson; and

WHEREAS it is essential that the MTCVB have the resources necessary to
promote conventions and increase the volume of tourists in Tucson; and

WHEREAS the City of Tucson has provided funding to the MTCVB in the past
and desires to increase this funding in the future to support the MTCVB in promoting
this vital industry; and

WHEREAS it is the intention of the Mayor and Council, subject to appropriations
limits, to devote funding to the MTCVB in the amount of \$3,000,000 in fiscal year 2004
and \$3,100,000 in fiscal year 2005 and, thereafter, an amount equal to 45% of the City's
previous year's revenues collected under Tucson Code § 19-66(a); and

WHEREAS the City and the MTCVB desire to enter into a Master Operating
Agreement to set out the responsibilities and performance objectives of the MTCVB.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF
THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. The Master Operating Agreement between the City of Tucson and the MTCVB, attached to this Resolution as Exhibit 1, is authorized and approved.

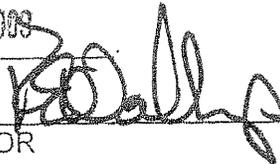
SECTION 2. The MTCVB is recognized as the principal mechanism through which tourism and convention activities will be promoted in the City of Tucson during the duration of the Master Operating Agreement.

SECTION 3. The City Manager is authorized and directed to execute Exhibit 1 for and on behalf of the City of Tucson.

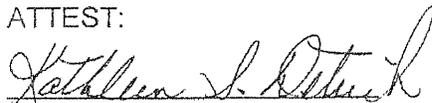
SECTION 4. The various City officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this resolution.

SECTION 5. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this resolution become immediately effective, an emergency is hereby declared to exist and this resolution shall be effective immediately upon its passage and adoption.

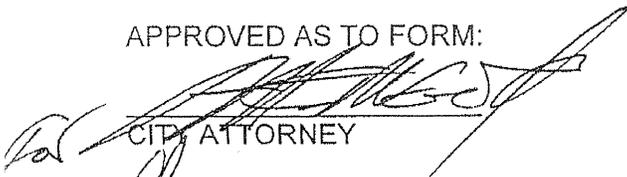
PASSED, ADOPTED AND APPROVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, MAY 05 2003


MAYOR

ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

REVIEWED BY:


CITY MANAGER

DD:hm
4/25/03 2:00 PM

ATTACHMENT 4
AMENDMENT NUMBER 1

Amendment Number 1
To
City of Tucson Memorandum of Understanding, Fiscal Year 2010
With
Metropolitan Tucson Convention and Visitors Bureau. (MTCVB)

This Amendment Number 1 to Memorandum of Understanding, Fiscal Year 2010, the Master Operating Agreement (MOA) Approved by the City of Tucson Mayor and Council on 5/5/03 (Contract Number 0493-03), is made and entered into this 27 day of January, 2010, by and between the City of Tucson, a municipal corporation hereinafter called the "City" and Metropolitan Tucson Convention and Visitors Bureau, an Arizona non-profit corporation, hereinafter called the "Agency".

Whereas, on September 2, 2009 the City Manager and Corporation executed a Memorandum of Understanding for Fiscal Year 2010; and

Whereas, the City has determined that it is facing a multi-million dollar deficit in its Fiscal Year 2010 adopted budget as the result of a drastic national, state, and local economic downturn, and,

Whereas, on January 12, 2010 the Mayor and Council adopted Resolution No. 21469 authorizing the City Manager to renegotiate and amend specific Fiscal Year 2010 outside services contracts to reduce the amount of City funding under those contracts for FY 2010, and to modify the scope of services under those contracts as may be needed as a result of the reduced funding; and

Whereas, City and Agency desire to amend Memorandum of Understanding, Fiscal Year 2010 to reflect this renegotiation.

Now therefore, it is agreed as follows:

1. **City Funding** – This section is amended to reduce the amount of City funding under this Agreement by twenty-three percent (23%) for FY 2010: Per this Amendment, the Fiscal Year 2010 annual distribution will be reduced from \$4,036,350 to \$3,115,740.
2. **Services To Be Performed by the Agency** – This section is amended to include the following revisions to the Agency performance measures for Fiscal Year 2010

Amendment Number 1
 To
 City of Tucson Memorandum of Understanding, Fiscal Year 2010
 With
 Metropolitan Tucson Convention and Visitors Bureau. (MTCVB)

KEY INDICATORS:

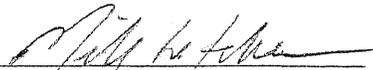
Convention and Group Business –	ADOPTED	REVISED
Metro Area (Non-Tucson Convention Center)	FY 2010	FY 2010
Leads	808	735
Bookings	525	495
Room Nights Sold	292,000	277,000
Delegates Booked	131,000	124,000
Economic Impact	\$145.0 Million	\$135 M
Tucson Convention Center and Downtown		
Leads	29	20
Bookings	14	14
Room Nights Sold	37,230	37,230
Delegates Booked	40,000	40,000
Economic Impact	\$30.0 Million	\$26 M
Film Office		
Number of Production Days	290	200
Direct Spending	\$3.2 Million	\$2.6 M
Room Nights	2,100	1,800
Economic Impact	\$6.0 Million	\$5 M
Local Job Days Produced	2,700	1,900
Production Leads	160	110
Definite Projects	41	33
Scouting/Site Visits	65	40
Tradeshows	5	4
Mexico Tourism Development		
Trade Shows: (Hermosillo, Ciudad Obregon, Culiacan, Los Mochis, Ciudad Juarez, and Chihuahua)		
Number Organized and Conducted	4	4
Number Participated In	2	2
Advertising Campaigns: (1 branding and 4 special events)		
Number of Print Ads Placed	58	18
Number of Radio Spots	4,500	4,500
Number of TV Spots	120	64
Number of Outdoor Media Displays	12	12
Direct Mail Campaign, Print Pieces Sent	400,000	200,000
Sports Development		
Leads	53	44
Bookings	35	30
Room Nights Sold	31,000	31,000
Delegates/Participants	35,000	35,000
Economic Impact	\$22.0 Million	\$22 M

Amendment Number 1
To
City of Tucson Memorandum of Understanding, Fiscal Year 2010
With
Metropolitan Tucson Convention and Visitors Bureau. (MTCVB)

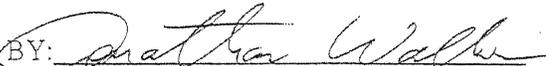
3. All other terms, conditions and provisions of Memorandum of Understanding, Fiscal Year 2010 not specifically changed by this Amendment shall remain in effect and be binding upon the Parties.

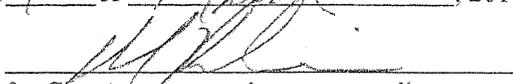
IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first above written.

CITY OF TUCSON, a municipal corporation

BY: 
As City Manager and not personally

METROPOLITAN TUCSON CONVENTION AND
VISITORS BUREAU (MTCVB),
an Arizona non-profit corporation

BY: 
As Agency Representative and not personally

APPROVED AS TO FORM this
24 of March, 2010

for City Attorney and not personally

ATTACHMENT 5
MTCVB FY 2010 BUDGET AND EXPENSE REPORT

*Metropolitan Tucson Convention & Visitors Bureau
Budget vs. Actual Summary
For the Twelve Months Ending June 30, 2010*

Date 01/27/11 06:36 AM

	Current Month	09-10 YTD	10-11 YTD ACTUAL	% Of Budget	Annual Budget
REVENUE					
City of Tucson	\$182,927.50	\$4,247,823.96	\$3,115,740.00	76.93%	\$4,050,000.00
Pima County	658,557.37	3,547,897.20	2,842,552.54	86.66%	3,280,000.00
Oro Valley	6,000.00	120,000.00	72,000.00	100.00%	72,000.00
Partner Dues	21,438.45	275,344.28	257,842.42	92.09%	280,000.00
Partner Non Dues Income	8,468.55	147,452.49	138,621.14	101.93%	136,000.00
Tradeshaw, Fam & Client Events	1,662.50	104,437.20	54,925.50	81.37%	67,500.00
Advertising Income	15,106.84	202,618.90	219,123.50	95.27%	230,000.00
Tohono O'odam	12,500.00		37,500.00	50.00%	75,000.00
Other Income	1,447.82	20,639.55	7,812.75	43.40%	18,000.00
TOTAL REVENUE	908,109.03	8,666,213.58	6,746,117.85	82.18%	8,208,500.00
OPERATING EXPENSE					
Personnel	326,492.64	3,262,026.12	2,954,113.69	92.70%	3,186,600.00
Professional Services	18,659.61	79,102.87	105,455.64	125.99%	83,700.00
Building Cam / Telephone	13,820.51	155,508.08	154,743.23	94.93%	163,000.00
Debt Service / Rent / Taxes	22,668.26	167,639.66	164,983.37	96.82%	170,400.00
Depreciation	6,842.37	93,707.99	94,065.82	106.53%	88,300.00
Marketing & Administrative Reserve					
Operating Material & Supplies	11,039.87	269,341.84	233,735.53	75.30%	310,400.00
TOTAL OPERATING EXPENSE	399,523.26	4,027,326.56	3,707,097.28	92.62%	4,002,400.00
SALES & MARKETING EXPENSE					
Advertising-Direct Mail	69,577.07	2,826,098.41	1,980,897.42	74.01%	2,676,600.00
Fams & Client Events	8,909.84	138,051.34	102,914.63	77.97%	132,000.00
Research	3,500.00	18,137.44	6,500.00	65.00%	10,000.00
Travel & Trade Shows	14,332.72	362,544.11	259,791.77	94.13%	276,000.00
Promotional Activities & Services	31,507.55	621,277.50	292,365.63	53.40%	547,500.00
Summer Campaign	26,033.38	170,866.49	105,384.49	70.26%	150,000.00
Tucson Film Department	339.00	124,644.79	38,660.98	54.84%	70,500.00
Partner Development	8,341.86	104,922.57	57,822.10	55.07%	105,000.00
Representation Fees	7,600.00	101,600.00	93,750.00	89.29%	105,000.00
TOTAL SALES & MARKETING	170,141.42	4,468,142.65	2,938,087.02	72.14%	4,072,600.00
TOTAL EXPENSE	569,664.68	8,495,469.21	6,645,184.30	82.29%	8,075,000.00
NET ASSETS	338,444.35	170,744.37	100,933.55	75.61%	133,500.00

Note 1: City Bed Tax = 6%

Note 2: Pima County Bed Tax = 6%, MTCVB receives 50%

ATTACHMENT 6
MTCVB FY 2010 AUDITED FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S LETTER

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Metropolitan Tucson Convention & Visitors Bureau
Tucson, Arizona

We have audited the accompanying statements of financial position of the Metropolitan Tucson Convention & Visitors Bureau, a nonprofit organization, as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Metropolitan Tucson Convention & Visitors Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audits.

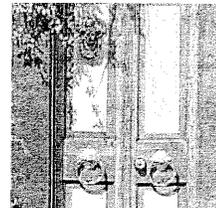
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Tucson Convention & Visitors Bureau as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Regier Carr & Monroe, L.L.P.

September 14, 2010
Tucson, Arizona

ATTACHMENT 7
MTCVB FY 2010 4TH QUARTER REPORT



July 16, 2010

To: Mike Letcher
Tucson City Manager

From: Jonathan Walker
President & CEO

Re: 4th Quarter Update

The fiscal year came to a close with the national and local economy still struggling and tourism still suffering. Group business is still slow to rebound and while leisure travel is beginning to pick up, hotel rates are so depressed that revenues are still declining.

We were beginning to see a small uptick in group business in March and April but when SB 1070 was passed and signed, group leads and bookings immediately went down and have not come back yet. The negative publicity and calls for boycotts of Arizona are severely impacting travel to Tucson and all of Arizona. Leisure travel has also been negatively affected.

This immigration bill, along with a still struggling economy and the severe budget cuts the MTCVB has suffered, has negatively impacted our ability to attract group and leisure business. With the continued expected controversy over SB1070 and lower marketing revenues, I expect business to be flat next year at best. As always, we will aggressively and creatively continue to market the Tucson area and pursue every possible avenue to increase tourism in our community.

METROPOLITAN TUCSON CONVENTION AND VISITORS BUREAU

QUARTERLY PERFORMANCE REPORT – Fourth Quarter

April - June, 2010

KEY MEASURES OF PERFORMANCE	Revised 1-27-10	CURRENT	YEAR TO	FYTD	COMMENTS
	FY 2010	QUARTER	DATE	2008-09	

Convention & Group Business – Metro Area (Non Tucson Convention Center)

o Leads	735	205	825	879	
o Bookings	495	157	575	516	
o Room Nights Booked	277,000	50,019	351,158	332,272	
o Delegates Booked	124,000	28,055	158,349	150,481	
o Economic Impact	\$135 M	\$16,310,448	\$139,515,008	\$144,489,917	

Tucson Convention Center

o Leads	20	0	16	29	
o Booking	14	1	18	19	
o Room Nights Booked	37,230	2,425	43,730	41,842	
o Delegates Booked	40,000	7,156	59,197	64,960	
o Economic Impact	\$26 M	\$4,334,740	\$26,707,328	\$34,296,896	
o Bed Tax Generated in Core Area (reported by City of Tucson Finance Dept)	COT report				
o Restaurant Receipts in Core Area (reported by City of Tucson Finance Dept)	COT report				

Revised 1-27-10
 CURRENT QUARTER
 YEAR TO DATE
 FYTD 2008-09
 COMMENTS

Film Office

o Number of Production Days	200	35	196	325
o Direct Spending	\$2.6 M	\$921,500	\$4,084,500	\$4,817,950
o Room Nights	1,800	171	1,826	3,087
o Economic Impact	\$5 M	\$1,382,250	\$6,126,750	\$7,226,925
o Local Job Days Produced	1,900	139	722	3,295
o Production Leads	110	32	145	185
o Definite Projects	33	13	62	49
o Scouting/Site Visits	40	12	48	73
o Tradeshows	4	1	6	6

Mexico Tourism Development

A. Tradeshows

o Trade Shows Organized & Conducted	4	0	6	4
o Number Participated In	2	0	1	2

B. Advertising Campaigns

o Number of Print Ads Placed	18	0	21	69
o Number of Radio Spots	4,500	0	4,455	7,020
o Number of TV Spots	64	12	132	128
o Number Outdoor Media Displays	12	0	12	12
o Direct Mail Campaign, Print Pieces Sent	200,000	0	191,000	720,000

	Revised 1-27-10	CURRENT QUARTER	YEAR TO DATE	FYD 2008-09
Sports Development				
o Leads	44	10	50	59
o Bookings	30	8	38	38
o Room Nights Sold	31,000	4,880	39,627	36,781
o Delegates/Participants	35,000	7,671	47,394	39,848
o Economic Impact	\$22 M	\$4,789,625	\$27,202,745	\$27,545,361

ATTACHMENT 8
TCC MARKETING FUND

Tucson Convention Center (TCC) Marketing Fund FY 2012

Allocated Amount: 2% of City's FY 2009 Transient Occupancy Tax Collections (1)	\$185,415
Use of Funds:	
MTCVB Negotiated Fee Reductions for Use of TCC (2)	-\$112,108
Marketing and Advertising for TCC (3)	-\$57,300
Total FY 2010 Use of Funds	<u>-\$169,408</u>
Amount to be Returned to City	<u><u>\$16,007</u></u>

- (1) Source: City of Tucson Staff
- (2) Source: Verified by Internal Audit
- (3) Source: MTCVB Staff

ATTACHMENT 9
MTCVB PERFORMANCE SURVEY

**CITY OF TUCSON
INDEPENDENT AUDIT AND PERFORMANCE COMMISSION**

At the request of the Mayor and Council, the City of Tucson's Independent Audit and Performance Commission (IAPC) is conducting a review of the Metropolitan Tucson Convention and Visitors Bureau (MTCVB) contract with the City and its performance in our community.

The review process includes a survey (below) to obtain information from regional businesses involved with tourism, conventions, sports events, the film industry, visitors from Mexico, and citizens who have a perspective on the activities conducted by MTCVB.

Please send the completed survey to MTCVB-Survey@tucsonaz.gov. A response by Friday March 11th would be appreciated.

In addition, the IAPC will hold two public meetings in March/April (dates and times to be determined) for those respondents who wish to speak to the Commission. Please send a message to the above email address if you wish to be notified of the meeting dates and times. Please note that the number of speakers may be limited due to the time available.

The IAPC is interested in obtaining information from a broad spectrum of businesses and citizens and thanks you for your participation!

Metropolitan Tucson Convention and Visitors Bureau (MTCVB) Survey

- 1) Are you a member of the MTCVB and if so, how long have you been a member?

- 2) If you are not currently a member, why not?

- 3) What services has MTCVB provided for your business?

- 4) Did the services provided meet your expectation? If not, why not?

- 5) Are there other services that you would like MTCVB to offer that would provide economic benefit to our community?

6) Other comments on this topic?

If you are responding on behalf of a regional business, please provide information regarding the type of business, the number of years operating in the Tucson area, and how many employees you have.

If you are responding as a citizen, please provide information regarding your interest in MTCVB and the tourism and convention industry in our region.