

SAN DIEGO TOURISM MARKETING DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING
Humphrey's Half Moon Inn: Dockside Room
2303 Shelter Island Drive, San Diego, CA 92106
Thursday, November 13, 2014
3:30 p.m.

MINUTES

CALL TO ORDER:

C. Terry Brown, Chairman, called the meeting to order at 3:32 p.m.

Board members present: Jodi Blackinton, Thomas Voss, Terry Brown, Luis Barrios, Bill Evans, Matt Greene and John Schafer.

Board member absent: Keri Robinson.

Also in attendance: Jere Batten, Batten Accountancy; Melanee Cottrill, paralegal; and Lorin Stewart, Executive Director.

PUBLIC COMMENT

Chairman Brown asked for public comments. There were no public comments.

ACTION ITEMS

- 1) Approval of Minutes: The October 17, 2014 SDTMD meeting minutes were reviewed, discussed and considered for approval. Mr. Evans moved to approve the minutes. Mr. Barrios seconded the motion. Yes 7, No 0, Abstain 0.
- 2) RFP Responses – “Destination Master Plan”: Members of the Board discussed the Destination Master Plan.

Mr. Evans reported that for several years there has been talk about the wisdom of doing a destination master plan, which is a roadmap of what to do with TMD money. Last year, \$500,000 was budgeted for the Destination Master Plan. A committee was formed (Matt Greene, Jodi Blackinton, Bill Evans...and advisors Marilyn Hannes / Lorin Stewart) to issue an RFP, review responses and make a suggestion. There were three responses to the RFP, the committee reviewed submissions and chose to interview two: Horwath-Resonance, and McKinsey & Company.

Mr. Stewart reported that Resonance interviewed Monday with Ms. Blackinton, Mr. Greene and Mr. Evans. Mr. Greene said that Resonance was an impressive group of people, but he was concerned they didn't have California experience. Ms. Blackinton agreed and said that Resonance has done great things in Vancouver but they aren't familiar with Southern California. Mr. Stewart noted their submission looked more like an annual report. Mr. Evans agreed that Resonance is a more tactical problem-solving firm, rather than building a plan from scratch. Mr. Stewart noted they are a small firm.

Mr. Evans reported that McKinsey had a completely different outlook than others, and was the only proposer who truly responded with a Master Plan. Their proposal was the most responsive

to the RFP. Mr. Greene noted McKinsey did a Master Plan for Chicago, which has achieved measurable goals there. McKinsey's team has a San Diego project lead and team members across the globe who work together on the plan. Mr. Greene noted the committee negotiated the base price down and added measurable targets for bonus payments. Mr. Stewart reported that McKinsey has access to their own data resources worldwide that they can use).

Mr. Bartell arrived at the meeting.

Ms. Blackinton noted McKinsey would assist in the implementation of the Plan and Mr. Evans added that they have a special implementation team. Mr. Stewart noted that McKinsey would be here for the long-term.

Chairman Brown asked how the committee felt about the advisory council.

Mr. Evans stated that with their reputation, team, experience, and excitement about the project, McKinsey was the top candidate. Ms. Blackinton noted McKinsey was not phased by the fact that San Diego is already doing well and incremental change is not easy.

Mr. Stewart noted that McKinsey's proposed process is intensive. Mr. Evans said that they wanted a higher level of SDTMD involvement than other proposers. Ms. Blackinton said that McKinsey had the biggest international reach. Chairman Brown asked about their willingness to make suggestions that could be controversial, Mr. Evans said they will do so with data to back their ideas up. They did a master plan for Dubai. They will make presentations to City Council and support their report.

Mr. Greene noted McKinsey has a three-phase approach. The first eight weeks is diagnostics and target setting, the second is road mapping and development, and the final is integration and socialization. They will give recommendations as they see things as well, rather than waiting till the end of the phase.

Mr. Bartell asked about the budget. Mr. Evans noted it was \$500,000 last year and expected to budget \$500,000 this year. Mr. Stewart said under A1.6 for this year we have an approved \$500,000 for this Plan, however the process is long and will be spread over two or more fiscal years. The other two proposals were around \$500,000 but proposed a fraction of the actual work. Mr. Evans noted the scope is much bigger than originally anticipated—which is a good thing. Ms. Blackinton noted that the cheaper organizations would turn over a document to the SDTMD, whereas McKinsey will be more involved and implement the plan. Mr. Evans noted the Convention Center is only a small part of this plan and it includes a scope that the TMD could not have imagined. Chairman Brown said this is the biggest thing the hotel industry will do to move forward. Mr. Evans asked for Meredith Dibden Brown's thoughts. She says it sounds like an exciting, good opportunity to get proposals that fit into the Plan.

Chairman Brown moved to enter into an exclusive negotiating agreement with McKinsey, and request McKinsey submit a revised proposal with a lower base and incremental incentive payments. Mr. Voss seconded the motion. Yes 8, No 0, Abstain 0.

Chairman Brown adjourned the meeting without objection at 4:06 p.m.

Approved _____
John Schafer, Secretary

Date _____