

Charlotte Regional Visitors Authority Operations Committee Update

June 8, 2011

PricewaterhouseCoopers has completed its work as an advisor to the board in support of our internal review of the operating structure, policies and procedures of CRVA. In advising the board, PwC has reviewed internal documents and assisted the board by providing industry background and insights related to best practices.

The Operations Committee recommends that the CRVA board use this information to guide future direction for the organization regarding the implementation of key findings from this review. Key findings include the following:

Organization Structure

Based on a review of the industry, the Operations Committee has concluded that there is no single way in which a destination marketing and venue management organization must be structured or governed. Each community is different in some way, and these unique qualities must be taken into account in creating an ideal approach.

Our committee continues to believe that the merger of the Auditorium-Coliseum-Convention Center Authority and Visit Charlotte was the right decision for Charlotte, creating a unified organization capable of directing destination marketing while managing essential public facilities. We have concluded, however, that opportunities remain for optimizing the organization and aligning varying business practices to gain additional efficiencies and enhance effectiveness.

We recommend the following:

- CRVA should ensure that additional steps are taken to fully integrate the Auditorium-Coliseum-Convention Center Authority and Visit Charlotte.
- Now that the NASCAR Hall of Fame has been in operation for a full year, the board and staff should review whether it has been fully integrated into the overall organization to the full benefit of the Hall and the entire CRVA organization. Action steps should be formulated and implemented based on the identification of any additional opportunities for more effective integration.
- CRVA should continue its review of similar organizations around the country with a goal of identifying innovative best practices that can be incorporated into our operations. Action steps should be formulated for adopting new practices that can benefit our effectiveness and efficiency.

We believe that the CRVA has the potential to become a model for the industry, and reaching this status should be the goal of the CRVA board and staff.

CIAA Relationship and Organizational Contracting

Based on our review and discussions with PricewaterhouseCoopers consultants, we have determined that it is not uncommon for visitors' bureaus to assign staff members to provide dedicated services to conventions or sports organizations that commit to multi-year, multi-event functions with a city. It is also typical for conventions and sports organizations to provide a specific fee for these services.

While our arrangement with CIAA has been within industry norms and while the City Attorney has concluded that the payment arrangement did not violate CRVA policies, we have concluded that we could improve the arrangement with the CIAA through a more transparent and accountable written agreement supported by more effective communications.

We recommend the following:

- Continue discussions with the CIAA concerning its specific needs and assist in developing an approach that not only meets those needs, but also achieves the highest possible levels of accountability and transparency for our organization through written agreement.
- Apply the experiences with CIAA in developing contracts with other clients; our goal is to be responsive to each client's needs, while assuring working relationships that are mutually beneficial and in the spirit of good stewardship for the resources under our responsibility.

Discretionary Spending

The board recognizes that the CRVA staff must have the resources and the discretion needed to compete for much sought after conventions and special events. At the same time, it is incumbent upon us to assure that discretionary spending is focused on achieving clearly defined and well established organizational objectives:

We recommend the following:

- The CRVA's policies concerning discretionary spending by CRVA management and our sales teams should be further reviewed and modified based on industry best practices and on our own requirements for the highest possible levels of accountability.

- A task group consisting of board members, CRVA staff and outside accounting expertise should review all current policies and procedures and bring recommended new policies to the board.

Best Practices for Communications

Open and ongoing communications is essential for the CRVA to achieve its mission. Because of our continuing growth, challenges created by the recession and the highly competitive nature of our industry, our communications approaches have not kept pace with the needs of our stakeholders to remain well informed.

We recommend the following:

- The Operations Committee will work with CRVA staff to develop and implement an integrated communications approach that meets the needs of all stakeholders, including the Mayor and City Council, hospitality industry, community, CRVA employees and others. This approach will apply best practices while addressing innovative methods to meet the unique needs of our region. This integrated strategy should emphasize two-way communications so that key stakeholders can provide input into CRVA activities.

Conclusion and Next Steps

We view this time as an opportunity for thoughtful and thorough introspection to improve our organization. The recommendations we present today are designed to address immediate concerns, such as the CIAA contract, while laying the groundwork for a stronger organization that is more transparent and accountable and better able to communicate clearly and effectively with all stakeholders.

The Operations Committee work with management to develop a timeline and action steps for each of the recommendations in this report.

The Operations Committee would like to thank board members, CRVA staff and PwC who have assisted us in this work. We believe that the end result will be a stronger and more responsive organization, which can more effectively fulfill the essential mission for which the organization was created.

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