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Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ed Shikada

SUBJECT: Arena Authority Executive
Summary for Fiscal Year 2007-08

DATE: October 29, 2008

Approved

Date

INFORMATION

Transmitted for your information is an Executive Summary of activities undertaken by the San Jose Arena Authority during the 2007-2008 fiscal year (Attachment A). Under agreement with the City, the Arena Authority provides oversight of the management and operation of HP Pavilion at San Jose, Sharks Ice at San Jose and San Jose Municipal Stadium. Information pertaining to the Arena Authority's role as community liaison is also included.

During the 2007-2008 fiscal year, the Arena Authority continued to administer and provide oversight for the following operational and community based programs:

- HP Pavilion and San Jose Transportation and Parking Management Plan
- HP Pavilion at San Jose and Logitech Ice and San Jose Capital Improvement programs
- Arena ticket distribution program, City and Community events program, San Jose Sports Hall of Fame Recognition events, and the San Jose Giants Community Ticket Program
- Regular community outreach to vicinity residential neighborhoods and business owners regarding ongoing Pavilion and vicinity events and projects

The Arena Authority Board and staff continues to identify and address issues relating to the day-to-day operations of the Pavilion and ice training facility, as well as, determining objectives to successfully sustain the facilities over the long term. Through the partnership created by the City, the Arena Authority and HP Pavilion Management, the Authority continues to serve an integral role in the on-going oversight and management of the Pavilion and Logitech Ice at San Jose. For additional information, please contact me at 408-535-8190.

ED SHIKADA
Députy City Manager

Attachment A

San Jose Arena Authority

Memorandum

To: Debra Figone, City Manager
Ed Shikada, Deputy City Manager

From: Chris Morrissey, Executive Director, and Ray Purpur, Chairperson

Subject: Arena Authority Executive Summary for Fiscal Year 2007-08

Date: September 17, 2008

Arena Authority Executive Summary Fiscal Year 2007-08

Executive Summary

On behalf of the Board of Directors and staff of the San Jose Arena Authority, we are pleased to submit an Executive Summary of activities undertaken by the Arena Authority during the 2007-08 fiscal year. Included in this Executive Summary are items addressed and administered by the Authority for its oversight of the management and operation of HP Pavilion at San Jose, Sharks Ice at San Jose and San Jose Municipal Stadium. Additionally, information pertaining to the Authority's community outreach programs is also included in the Executive Summary.

Background

In fulfilling its oversight role of these important City-owned Capital assets, the Authority has considerable input into the day-to-day administration of the facilities. Pursuant to the terms and conditions of the Amended and Restated San Jose Arena Management Agreement, the Arena Authority performs two major functions in relation to the management and operation of HP Pavilion at San Jose. The two functions include: (1) oversee the Pavilion manager's day-to-day operations of the Pavilion on behalf of the City; and (2) serve as the community liaison while addressing the broader public concerns relating to Pavilion operations.

For Sharks Ice at San Jose, the Authority serves a number of critical administrative responsibilities. Under the terms of the Amended and Restated Lease and Management Agreement for Sharks Ice at San Jose, the Authority conducts, among other duties, an annual evaluation of the manager's performance in the programming and operation of the facility.

As established through the terms of the agreement between the City and the Baseball Acquisition Company for San Jose Municipal Stadium, the Authority has been designated by the City to perform an oversight role in relation to the operation of the stadium facilities and to act as a liaison to the broader community.

In serving as community liaison, the Authority continued to expand its outreach efforts to promote a number of important community-based programs. These programs include the Arena Ticket Distribution program; the Pavilion City and Community Events program; the San Jose Sports Hall of Fame; and the San Jose Giants Community Ticket Program. Details of these programs are included within the summary.

Facility Oversight

In fulfilling the function of Pavilion facilities oversight, the Arena Authority engages a number of city and county departments to facilitate the management of the day-to-day operations. To that end, the Authority works jointly with the City's Department of Transportation and Police Department, the Valley Transportation Authority as well as HP Pavilion Management in the administration of a comprehensive Pavilion transportation and parking management plan (TPMP). Through the implementation of this plan, critical vehicular traffic and pedestrian movement strategies, vicinity parking operations, and neighborhood protection issues are addressed and managed in an efficient and well thought out manner. The TPMP is reviewed and updated every three years.

A second feature to the Arena Authority's role in the oversight of operations of the Pavilion as well as Sharks Ice at San Jose involves the implementation and management of a comprehensive Capital repairs and replacements program. Under the auspices of the Authority's Facilities Committee, annual Capital repairs and replacements budgets are developed, evaluated and subsequently implemented. During FY 2007-08, the Arena Authority recommended \$473,500 in Capital improvements to the Pavilion and \$487,000 in Capital improvements to Sharks Ice at San Jose.

In addition to the Pavilion's normal Capital repairs and replacements program that is overseen by the Arena Authority, the Authority worked jointly with the City Manager's Office, the City Attorney's Office and HP Pavilion Management to complete an

agreement for the installation of a number of essential Capital enhancements. The new enhancements included a new scoreboard, fascia display, video equipment, rigging capacity upgrade, sound system improvements and acoustics upgrades. The agreement approved by the City Council allowed for the project costs to be shared evenly by the City and HP Pavilion Management and totaled 16.5m. The work was completed prior to the start of the 2007-08 National Hockey League season.

Additionally, the Authority's Facilities Committee monitors the ongoing preventative maintenance programs for the Pavilion and Sharks Ice at San Jose. These efforts were accomplished with the support of the City's facilities oversight body, Aztec/MCE Corporation.

During FY 2007-08, the Authority worked closely with the City Manager's Office, the City Attorney's Office, the Department of Parks, Recreation and Neighborhood Services, and the Baseball Acquisition Company to revise the agreement to transfer oversight of the baseball facility to the Arena Authority. Included in the City Council approved agreement was the establishment of a Capital reserve fund for stadium Capital repairs and replacements. With the creation of this fund, all annual rent payments, along with any funds generated from a stadium naming rights agreement, will be designated solely for stadium Capital improvements.

Community Outreach Programs

The Authority serves a critical function as the City's community liaison in identifying and addressing day-to-day operational issues at the Pavilion. In performing this task, the Authority has established a number of essential community-based programs to serve the San Jose community.

To address the daily operational components to the Pavilion, the Authority undertakes a number of community outreach programs to insure that vicinity residents are notified of upcoming Pavilion and local events and projects in a timely fashion. This is accomplished through direct contact with vicinity residents and business owners and through the regular distribution of event calendars and area project notifications.

Additionally, the Authority has administered to a highly successful Arena Ticket Distribution program. From a total inventory of 5204 tickets available to the Arena Authority during FY 2007-08, the Authority distributed all 5204 Pavilion tickets for municipal use. Since the program's inception in 1993, the Arena Authority has distributed over 74,000 Pavilion tickets to the San Jose community.

The Authority continues to administer to the Pavilion's City and Community Events program. During the last fiscal year, two service organizations successfully implemented events at the Pavilion. As a result of this activity, \$41,000 of City and Community Events program funding was allocated to program applicants. Details from this past fiscal year of event and program information are attached for your review.

In November 2007, the Arena Authority participated in the 13th annual San Jose Sports Hall of Fame program. As a program administrator, the Authority has representation on the Sports Hall of Fame selection committee; oversees the installation of the bronze plaques of the Sports Hall of Fame inductees; annually administers to a countywide high school scholarship program; and drafted text for a Sports Hall of Fame collateral brochure. HP Pavilion at San Jose is home to the San Jose Sports Hall of Fame. The bronze plaques presented at the annual induction ceremony are eventually placed on permanent display along the Pavilion's public concourse.

For San Jose Municipal Stadium, the Authority worked directly with the City Manager's Office, the City Attorney's Office and the Baseball Acquisition Company to develop a community school ticket distribution program. As a result, the Authority has drafted program guidelines to ensure that tickets are made available to school districts throughout San Jose during the Giants regular season.

In closing, the Arena Authority continues to work diligently to ensure that these important Capital assets are managed and operated in a fashion consistent with other first rate sports and entertainment facilities. As a result, HP Pavilion at San Jose continues to be recognized as one of the greatest sports and entertainment venues in North America. Sharks Ice at San Jose is one of the most active ice facilities in the United States. And during the 2007 baseball season, Municipal Stadium set a new attendance record (182,000). These results clearly indicate that the role of the Arena Authority continues to support in making these City-owned facilities major attractions for sports, recreation and entertainment.

FY 2007-08 City and Community Events Program Information

Applicant:	San Jose Sports Authority
Event:	City Event
Event Date:	November 14, 2007
Purpose of Event:	Recognition of San Jose/Santa Clara County Athletes
Program Funding:	\$25,000

Applicant:	San Jose Unified School District
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Event:	City Event
Event Date:	June 11, 2008
Purpose of Event:	Commencement Exercises
Program Funding:	\$16,000