



San Jose Arena Authority

Memorandum

To: Members of the Arena Authority Board of Directors

From: John Veargason, Facilities Committee Co-Chairperson
Mark Burriss, Facilities Committee Co-Chairperson *cm/For*

Subject: Recommendation on Pavilion Advertising Plan/Distilled Spirits

Date: November 2, 2011

In November 2010, the San Jose City Council approved the Fourth Amendment to the San Jose Arena Management Agreement to remove certain restrictions on the advertising of alcohol in public areas of HP Pavilion at San Jose. As a result, *Attachment 11 Statement on Smoking and Alcohol* of the Arena Management Agreement was amended to allow hard liquor (distilled spirits) advertising in the Pavilion. The amended attachment specified that advertising of distilled spirits be included in the biennial Pavilion Advertising Plan and conform to applicable industry standards. It also provided for revenue sharing opportunities between HP Pavilion Management and the City. The provisions to *Attachment 11* are included below for your reference:

- (1) The number of distilled spirits advertisers shall not exceed six (6) at any one time.
- (2) Advertising signage for distilled spirits must be consistent with the approved Pavilion Advertising Plan.
- (3) On the exterior of the Pavilion, no fixed or permanent advertising of tobacco or distilled spirits is permitted.
- (4) Distilled spirits advertising is not permitted on Arena Management and/or Sharks owned or operated vehicles, including but not limited to, service/parking attendant carts, team mascot promotional vehicles, and ice surfacing machines.
- (5) Spirits advertisers must adhere to applicable National Hockey League (NHL) guidelines and deliver a social responsibility message (i.e., don't drink and drive) or feature only the beverage brand name and/or logo with no call-to-action consumption messaging or product images.

As part of the approved revisions, the City requested that the Arena Authority Board review the distilled spirits advertising program after the first year and provide community feedback to the City. In response to the City's request, the Facilities Committee convened in October to specifically address the issues relating to distilled spirits advertising in the Pavilion. In doing so, the Facilities Committee reevaluated the amended provisions of *Attachment 11* from the Arena Management Agreement as well as guidelines and restrictions introduced by the NHL in 2008. For reference, the NHL will not approve distilled beverages advertising or promotions that include the following:

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- (1) Encourages the general consumption of alcohol.
- (2) Depicts the actual consumption of alcohol.
- (3) Portrays activity attractive primarily to persons under the legal drinking age.
- (4) Promotes the irresponsible or illegal use of alcohol.
- (5) Associates alcohol with social or personal achievement.
- (6) Associates alcohol with motor vehicles or activities requiring significant skills or care.

(Please note that the NHL requires that distilled spirits advertising may feature only the beverage brand name and/or logo with no call-to-action consumption messaging and also has final approval rights of all line of sight distilled spirits advertising in NHL arenas.)

In September 2011, the San Jose City Council approved HP Pavilion Management's Advertising Plan as the plan related to upgrading 16 static concourse pendant signs to LCD (liquid crystal display) and two sections of hockey dasher boards to LED (light-emitting diode) screens. During the 2010-11 NHL season, HP Pavilion Management displayed one (1) distilled spirits advertiser in the Pavilion, which involved the display of two static signs along the hockey dasher boards. For the 2011-12 NHL season, HP Pavilion Management is currently in discussions to extend the agreement for one distilled spirits advertiser. As in 2010-11, the advertisements will be static and displayed along the hockey dasher boards. Please note that HP Pavilion Management is currently not engaged in discussions with a distilled spirits vendor for the electronic advertising of distilled spirits.

The Facilities Committee and eventually the full Arena Authority Board reviews components to HP Pavilion Management's Pavilion Advertising Plan. This is accomplished on a biennial basis or at times more frequently at the request of HP Pavilion Management. In preparing this report, the Facilities Committee reviewed all pertinent documents relating to the Advertising Plan as well as the regulations for distilled spirits advertising. Additionally, Arena Authority staff reached out to the Pavilion's Director of Guest Services to inquire about patron comments on or reaction to the current distilled spirits advertising along the hockey dasher boards. The Director of Guest Services reported that there has been no patron comments associated with the spirits advertising.

With the recent installation of 16 LCD pendants along the Pavilion's public concourse and two LED screens along the hockey dasher boards, HP Pavilion Management now has the capability to electronically display or remove advertising in prominent areas inside the Pavilion. As a result, the new technology allows for the removal of alcohol advertising along the Pavilion concourse for events such as family and children shows. With the older, static concourse pendant signs this could not be accomplished so efficiently.

In conclusion, the Facilities Committee currently supports HP Pavilion Management's distilled spirits advertising program and recommends that the Board submit this report to the City Manager's Office. Please contact Executive Director Chris Morrissey with any comments or questions.