



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Dan McFadden

SUBJECT: March 19 Downtown Study Session

DATE: March 9, 2007

Approved

Ray Winer

Date

3/9/07

COUNCIL DISTRICT:
SNI AREA:

OUTCOME

This Study Session's desired outcome is:

Understanding of the design and cost of the Convention Center expansion, legal issues related to the financing, and impact on convention and tourism business during the construction process.

PURPOSE OF STUDY SESSION

This Study Session's main components are:

The Council will review progress and initial recommendations from a joint working group (representatives from the City, RDA, CVB, Team San Jose, and hoteliers) on options for expanding the convention center, including an overview of financing, legal issues and business impacts involved. A signed "Letter of Agreement" between the City of San Jose, San Jose Redevelopment Agency, Team San Jose, San Jose Convention & Visitors Bureau, Fairmont Hotel San Jose, and Marriott San Jose is attached.

The Study Session will provide the City Council with a history of why it is critical to expand the convention center, the program for expansion, and the oversight structure in place to manage this large complex project.

BACKGROUND

The Convention Center is a key economic driver for the city. It plays a critical role in the economic well-being of Downtown businesses and local hotels by bringing visitors to San Jose and downtown.

The Convention Center was built in 1986 and completed in 1989. It has four levels, including two parking levels. It is reinforced cast-in-place concrete with structural steel frame. The center consists of two ballrooms, three exhibit halls, multiple meeting rooms, pre-function space, a commercial kitchen, and outside terraces. At the time the center was built, Orange County and Los Angeles was bigger than San Jose's center. We were equal in size at the time as San Francisco's Moscone Center. Since 1989, no major renovations or expansions have been completed.

Beginning in 1999, the San Jose Convention & Visitors Bureau along with San Jose hoteliers began evaluating the need to expand the center due to conventions outgrowing the convention space available for conventions, exhibits and meetings. A general obligation bond measure, Measure F, to expand the convention center was placed on the ballot in November 2002 and barely failed by less than two percentage points. Since that time, hotels, the San Jose Convention & Visitors Bureau and City leaders evaluated alternative options to expand the center. In the Fall of 2006, the Mayor and City Council approved direction to create a Hotel Financing District for hotels to tax themselves to expand the convention center. City staff, hotel and Convention & Visitors Bureau partners are working together to evaluate the expansion financing options, oversight structure, project costs and timeline to move forward this concept.

The Study Session will provide the City Council with a status report on where the partner teams are in this evaluation process and provide an opportunity for the City Council to ask questions about next steps.

ANALYSIS

None

BACKGROUND.

None

ANALYSIS.

None

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

Criteria: N/A

COORDINATION

The convention center expansion project and study session materials has been coordinated with the City Manager's office, Redevelopment Agency, Office of Economic Development, the City Attorney's Office, the San Jose Convention & Visitors Bureau, and Team San Jose.

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NEXT STEPS

The team will return to the City Council later this spring with next steps and action items related to the convention center expansion project.

A handwritten signature in black ink, appearing to read 'Dan McFadden', is centered on the page.

Dan McFadden
Deputy City Manager

For questions please contact Dan McFadden at (408) 535-8120