



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Kay Winer
Larry Lisenbee

SUBJECT: CONVENTION CENTER CAPITAL IMPROVEMENT NEEDS

DATE: May 25, 2006

Approved

Date

5/25/06

Council District: CITY-WIDE

RECOMMENDATION

It is recommended that the City Council adopt the following Appropriation Ordinance amendments:

1. Establish an appropriation in the General Fund for the Convention Center Fire Attenuation System for \$247,000
2. Establish an appropriation in the General Fund for the Convention Center VFD Drives for \$7,000
3. Increase the appropriation in the General Fund for Convention Center Marquee by \$53,000
4. Establish an appropriation in the General Fund for Electrical Substation Transformers for \$120,000
5. Decrease the California Theater Reserve in the General Fund by \$427,000
6. Establish an appropriation in the Convention and Cultural Affairs Fund for Miscellaneous Improvements and Repairs for \$9,368
7. Increase the estimate for Earned Revenue in the Convention and Cultural Affairs Fund by \$9,368

OUTCOME

Adoption of this ordinance will provide funding for urgent improvements and repairs to the Convention Center facilities described below. The funding recommended for this action is available because our most recent analysis of the status of the Convention and Cultural Affairs Fund indicates that the \$750,000 reserve established in the 2005-2006 General Fund budget as a contingency for the possible need to subsidize the cost of operations of the California Theater from the General Fund will not be necessary for that purpose this year.

BACKGROUND

City staff meets monthly with Team San José (TSJ). During the course of these meetings critical capital needs are discussed. As a result, some items have been funded previously, such as replacement of the Convention Center marquee on San Carlos Street. Recently several additional items of an urgent nature have been identified and are recommended in this memorandum for immediate funding.

In addition, as directed by Council, in order to begin to address Convention Center and Cultural Facilities' capital needs in a systematic manner, a workplan to assess and identify facility capital requirements is now being developed in discussions with TSJ with the intent to submit this plan to Council in August. This effort will be designed to identify the highest priority items with a recommended process for determining cost estimates, potential sources of funding and estimated timeline for completing the repairs and improvements. Additionally, the scope of this review will be broadened to include the other cultural facilities operated by non-profit organizations in order to identify a capital repair workplan for those facilities as well. These facilities include the Children's Discovery Museum, Tech Museum, Art Museum, History San José, San Jose Rep and Mexican Heritage Plaza.

ANALYSIS

Fire Attenuation System: \$247,000

The current Fire alarm system in the Convention Center is not fully functional and currently requires around the clock manual monitoring at significant cost to the City. The vendor of the system no longer sells or supports this technology. A total replacement – including field devices and the computers that provide control and communications – is necessary to provide the level of public safety mandated by the fire marshal. The equipment and vendor selected for the Convention Center is identical to that already installed in the California Theater and South Hall, enabling future communications and integration.

Variable Frequency Drives: \$7,000

One of the three variable frequency drives (VFDs) for the chilled water pumps servicing the Convention Center and the Hilton has failed and had to be replaced. The remaining two drives

are close to failure and will also need to be replaced in short order. This appropriation will ensure replacement of all three variable frequency drives.

Convention Center Marquee: Additional Funding to Complete the Project: \$53,000

Funding in the amount of \$400,000 to replace the marquee at the San Carlos Street main entrance of the Convention Center with an LED video display was approved by City Council on October 18, 2005. Team San José assumed responsibility for the completion of this project. There have been, however some unanticipated delays and additional costs incurred for this project which require the provision of additional funding in the amount of \$53,000. The primary problem occurred when the as-built drawings for the original sign were unable to be located, resulting in the need for an engineering review by the installer of the new sign. The review determined that a second support pole would be required, increasing the installation and total project cost by \$50,000. In addition, a temporary banner was installed at a cost of \$2,500 that notified the public that a new marquee was in the process of being installed. This was in direct response to numerous complaints about the deteriorated and malfunctioning marquee. Team San José anticipates that installation of the new marquee will be completed by the end of June.

Miscellaneous Repair: \$9,368

Two sets of exhibit hall doors and doorways were damaged by GES, a show decorator, during the move-in for a show in April. The urgently needed repairs encompass doors, locks, door frames, and walls. GES has agreed to reimburse TSJ when the repair is completed, and the revenue from the reimbursement is included in this action as the funding source for the requested appropriation increase.

Electrical Substation Transformers: \$120,000

The three transformers in the electrical substation located in the Convention Center have reached the end of their lifespan and have begun to exhibit indications of potential failure. To ensure that no events are interrupted and no revenue is lost because of a power outage, funding is recommended to immediately replace the transformer that is closest to failure with a new unit at a cost of approximately \$50,000. The unit removed would then be rebuilt at an approximate cost of \$35,000 to replace the second oldest unit, which would in turn be rebuilt to replace the third for an additional \$35,000, bringing the total cost of repairing the three transformers to \$120,000.

ALTERNATIVES

Not Approve Appropriation Ordinance amendments

Should Council choose to not approve the Appropriation Ordinance Amendments, necessary improvements and repairs in the Convention Center will not be performed.

COORDINATION

This memorandum was coordinated with the City Manager's Office the City Attorney's Office and Team San José

COST IMPLICATIONS

This action will reduce the California Theater Reserve in the General Fund by \$427,000.

BUDGET REFERENCE

Not Applicable

CEQA

Not a project.

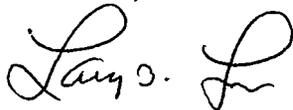


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I hereby certify that there will be available for appropriation in the Convention and Cultural Affairs Fund in the Fiscal Year 2005-2006 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$9,368.



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Budget Director