



CIVIC AUDITORIUM ANALYSIS

DECEMBER, 2007

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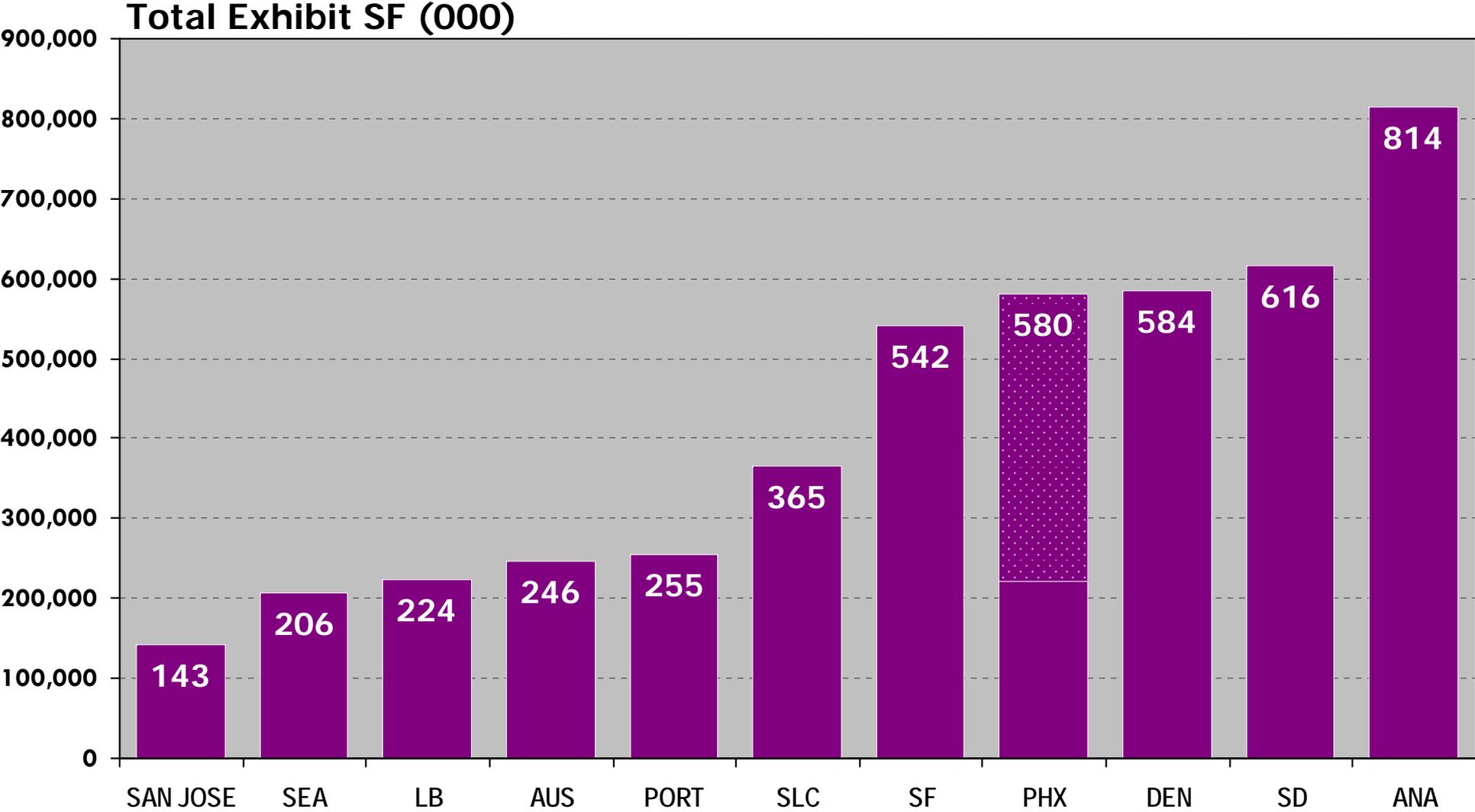
Convention Industry & Competition

Convention Industry Data

- 87% of Events require General Session seating for up to 3,000*
 - 50% of Events require seating for up to 1,500
- Focus Groups and Target Market interviews confirmed preference to utilize a renovated Civic
- About 50% of SJCC's competitive set offer fixed-seat general session options; 100% offer more total facility space than SJ, allowing usage of overflow exhibit and/or ballrooms for general sessions

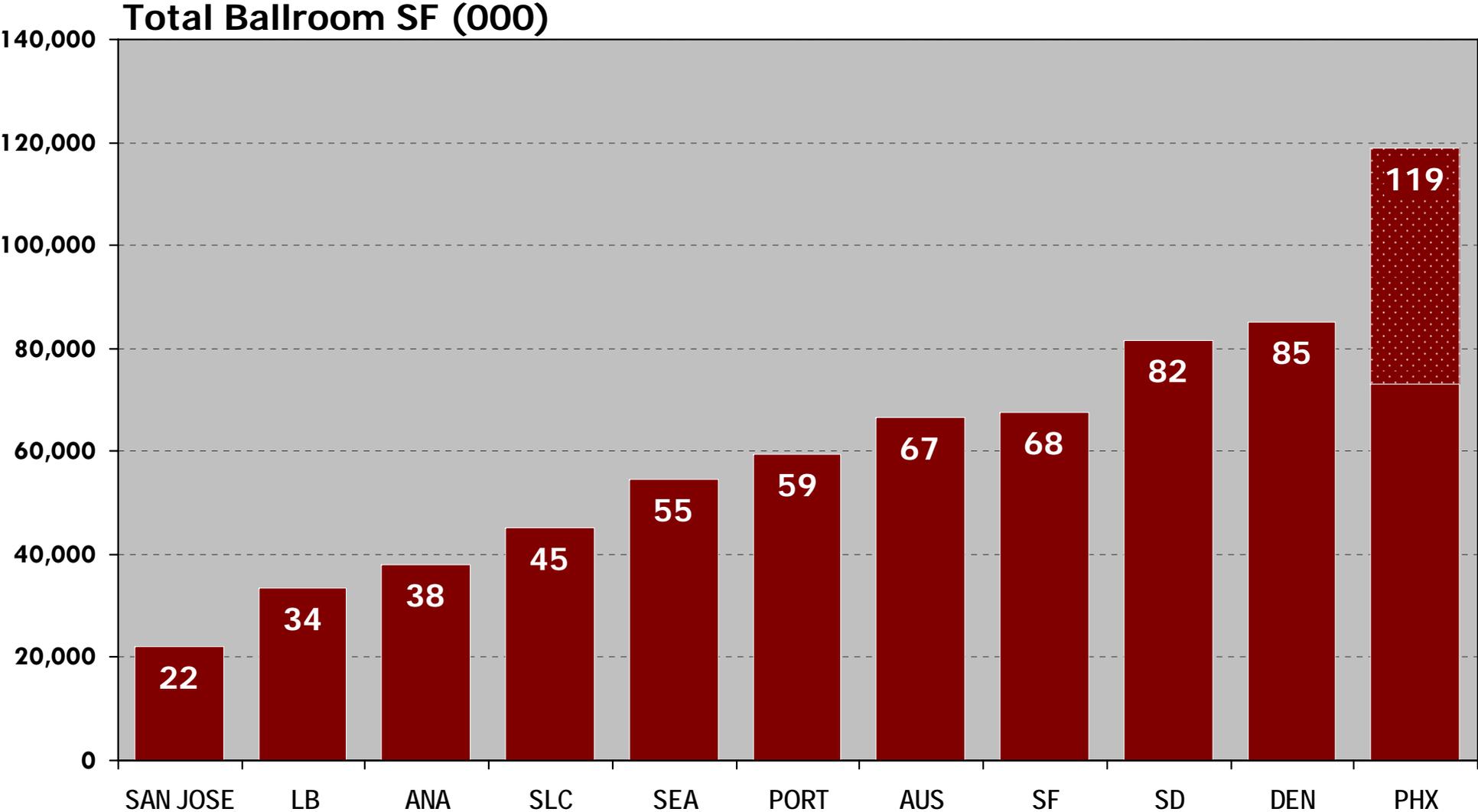
**Based on 551 Events presented in November 13 Council Study Session.*

Comps: Exhibit Space



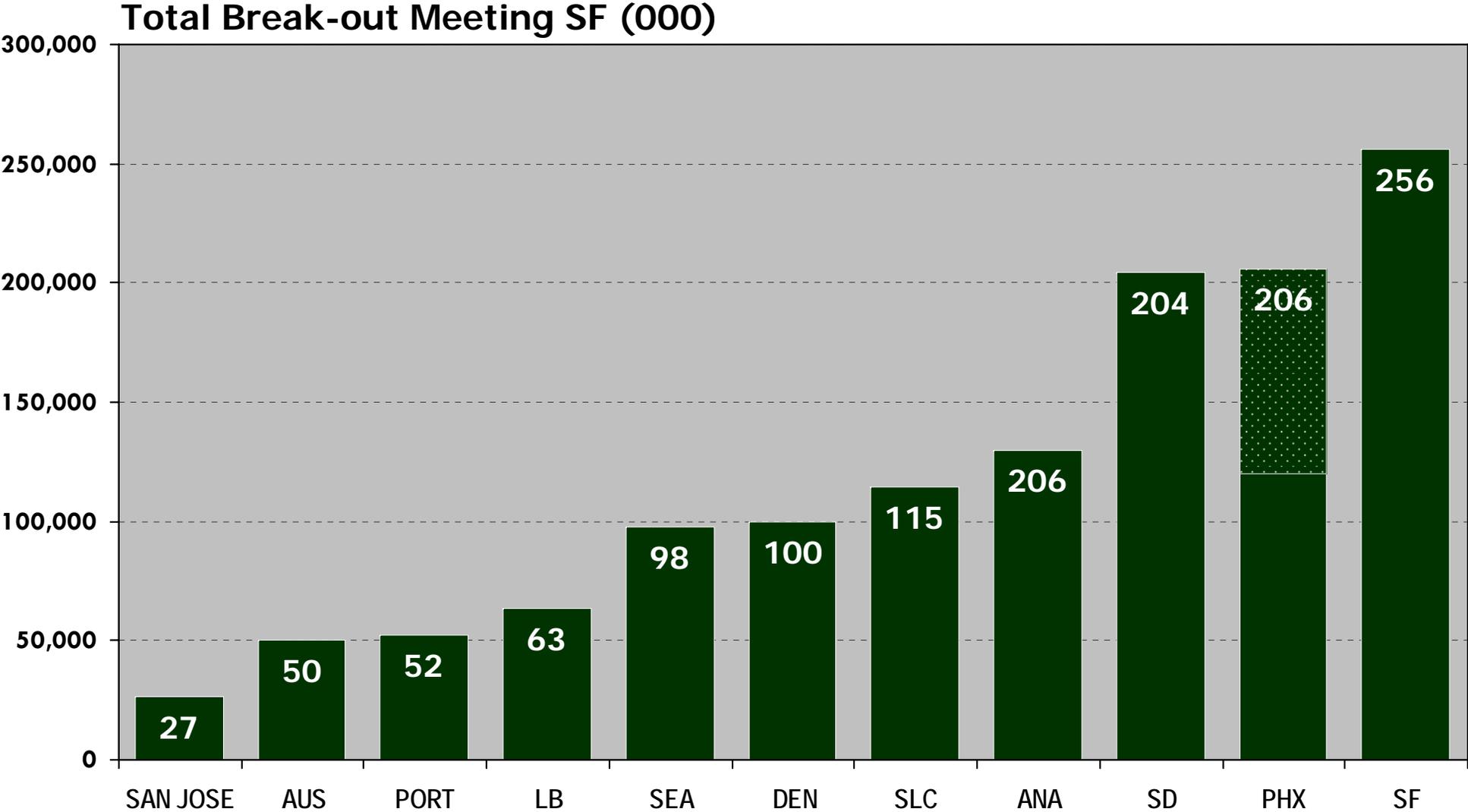
Source: Individual facilities; Includes financed expansions.

Comps: Total Ballroom Space



Source: Individual facilities; Includes financed expansions.

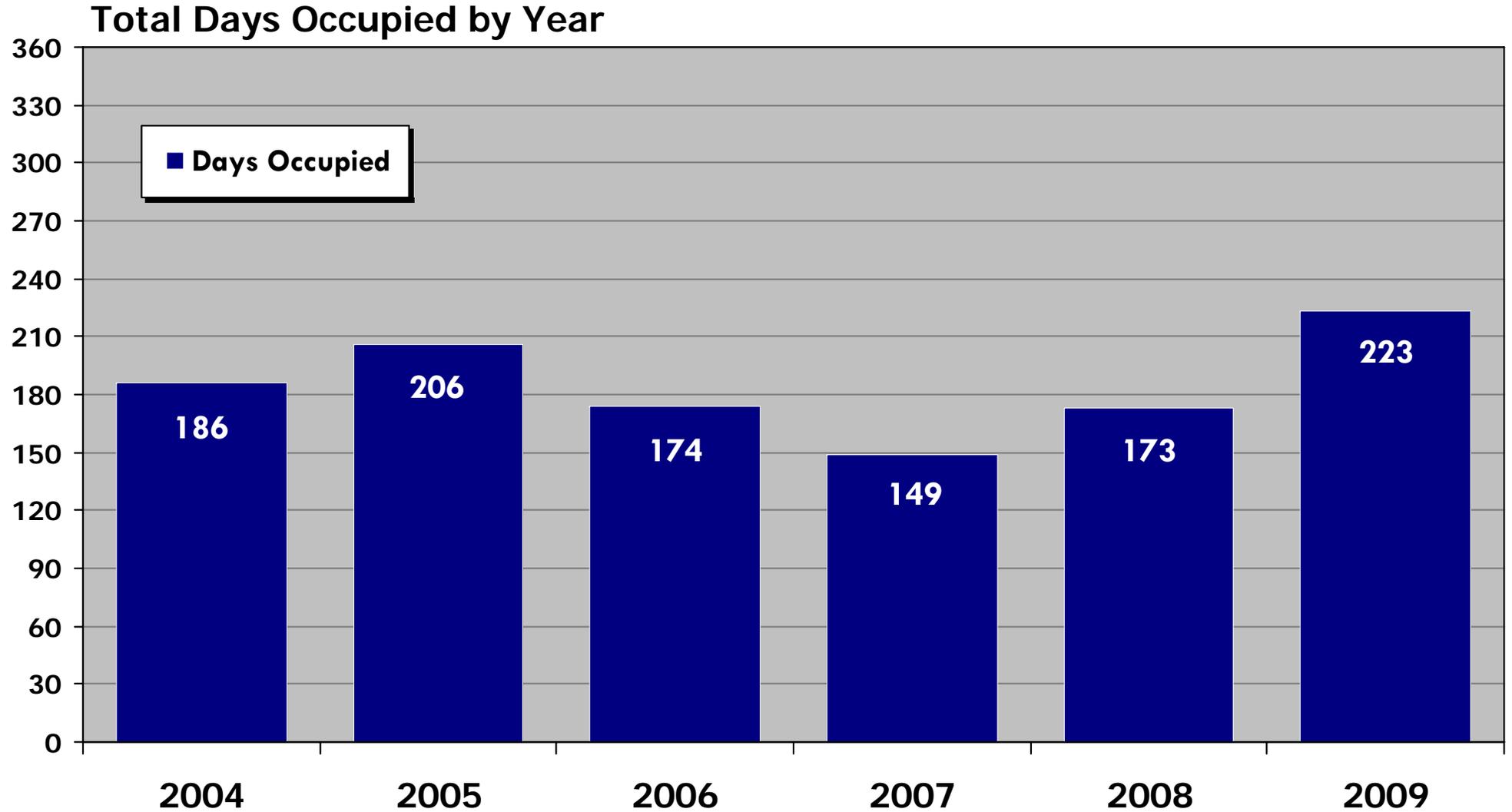
Comps: Meeting Space



Source: Individual facilities; Includes financed expansions.

Civic Utilization: 2004 through 2009

Civic Usage



Recent Civic Events

CONCERTS, FAMILY SHOWS, ARTS & ENTERTAINMENT:

- "A Christmas Carol"
- "Atreyu, Chiodos"
- "Australian Pink Floyd"
- "Barney"
- "Beauty and the Beast"
- "Carlos Mencia"
- "Dashboard Confessional"
- "Encore"
- "La Oreja de Van Gogh"
- "Matisyahu with The Polyphonic Spree"
- "Nick Lachey"
- "Primus with Gogol Bordello"
- "Rise/Life"
- "Sesame Street Live - Elmo Makes Music"
- "The Doodlebops"
- 7080 Big Concert
- Burn Foundation Variety Show Benefit
- Celtic Woman
- Chinese Performing Arts of America
- Desert Dance Festival
- Fantastics Student Show
- International Ballroom Dance Competition
- Lana's Dance Studio
- Monarch Madness
- Simply Sonu 2006: Sonu Nigam In Concert
- Sin City, San Jose
- Spotlight Dance Cup
- Starlight Dance Competition
- Summer Bash Live
- US Amateur Ballroom Dancing Championships
- Vietnamese American Star Search Foundation
- Vietnamese Spring Festival

Recent Civic Events

CONVENTIONS:

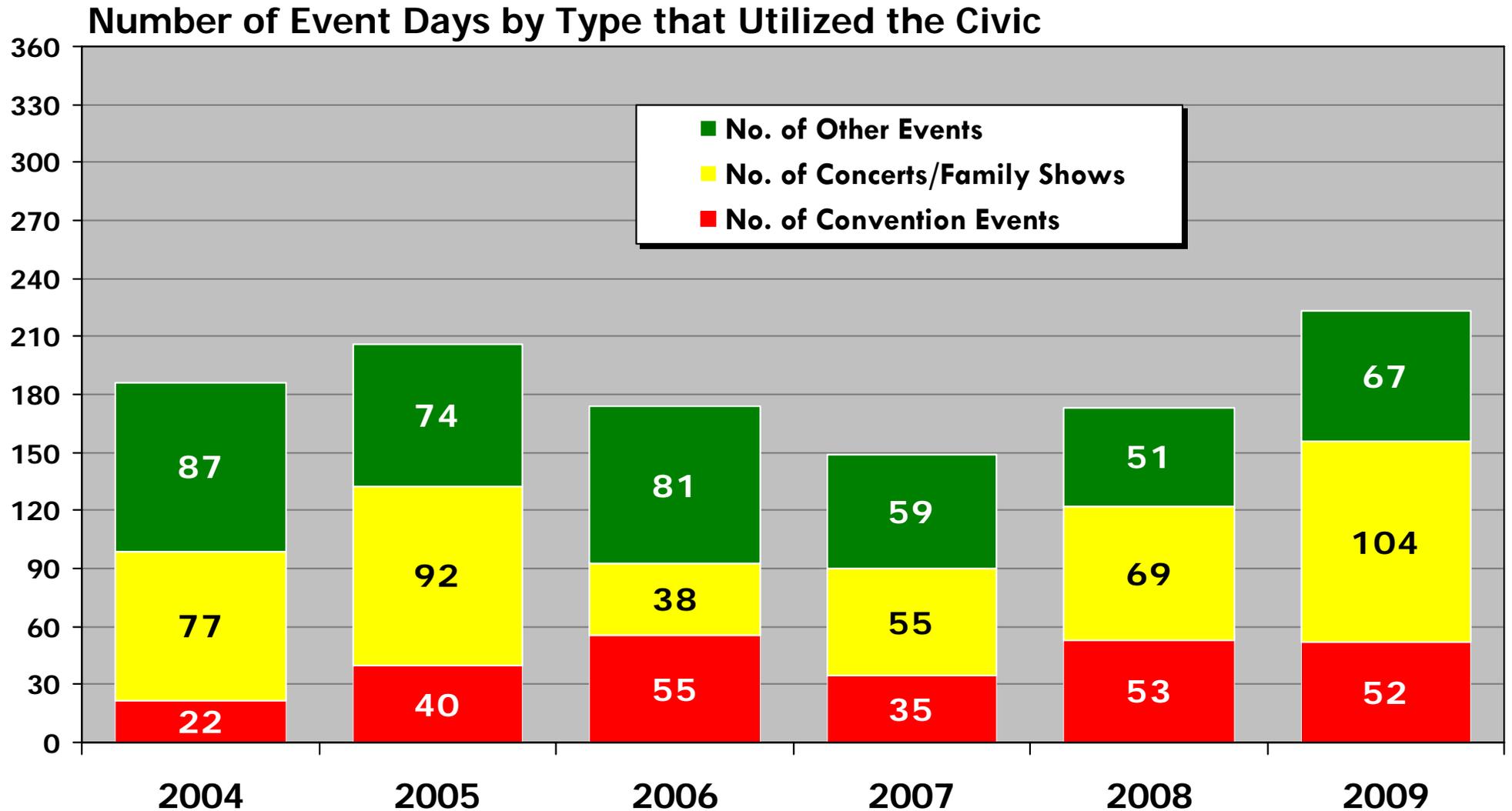
- Adobe National Sales Conference
- American Orff-Schulwerk Association-National Conference
- Barber Shop Quartet: Singing in America District Meeting
- California Science Education Conference
- CHI: Conference on Human Factors in Computing
- CLEO/QELS and PhAST
- Embedded Systems Conference Silicon Valley '07 - '08 - '09
- ESA/SER Joint Meeting
- FanimeCon 2008 & 2009
- FETC-Q
- IUG
- LAN Tournament and User Conference
- Mennonite Churchwide Convention
- Microsoft Office System Developer Conference
- NABE Annual Convention
- National Youth Leadership Forum on Technology
- NCCNA Celebration of Unity
- Presbyterian Church (U.S.A.) 218th General Assembly
- Reliv West Coast Regional Meeting
- Solar Energy Industries Association Annual Tradeshow
- Space Conference
- SPIE Photonics West 2008 & 2009
- Voice-on-the-Net Conference & Expo '07 - '08 - '09
- West Coast Style Show 2008 & 2009

Recent Civic Events

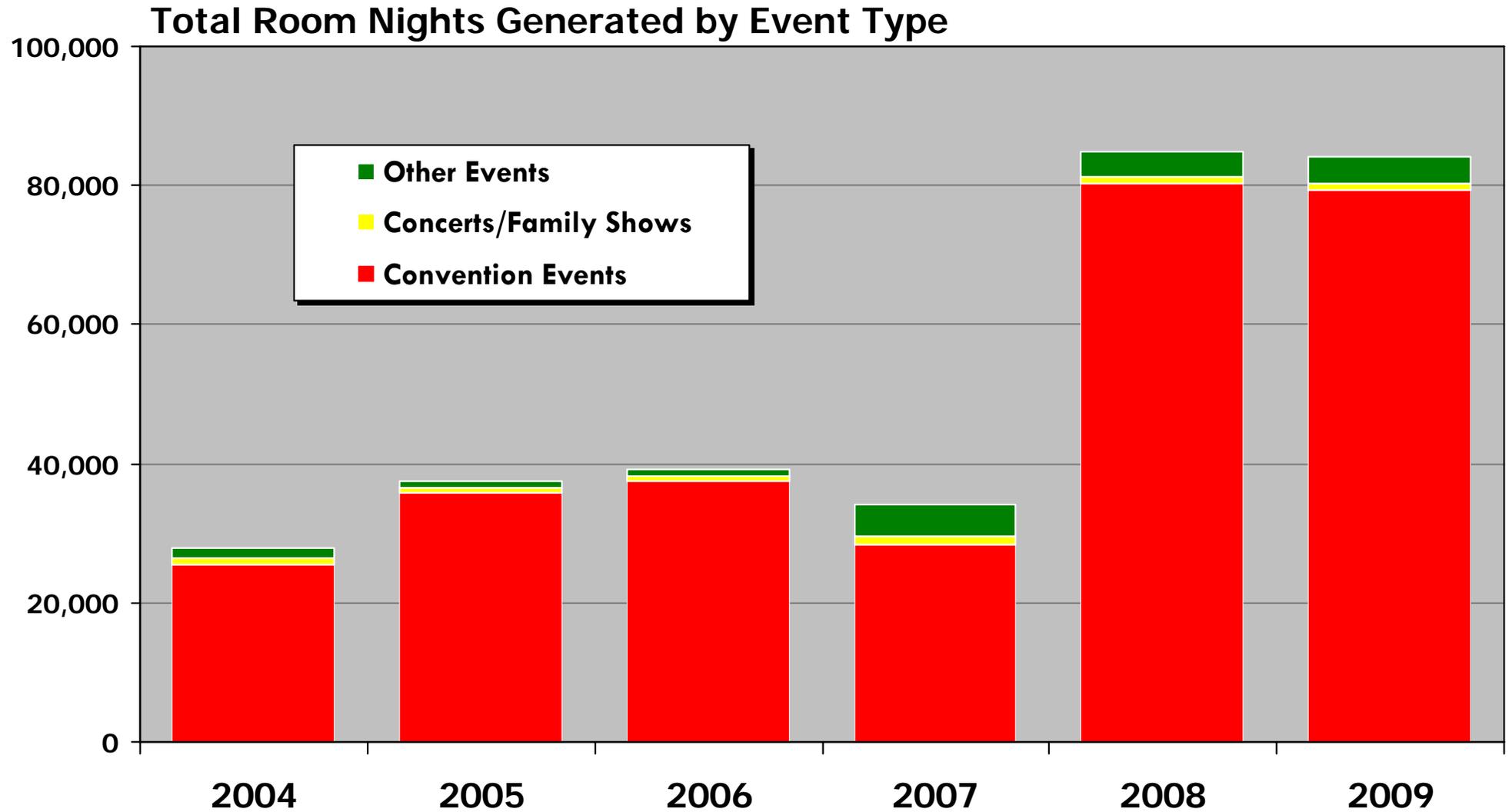
OTHER EVENTS:

- 30 Years of Vietnam Remembered
- Adobe Employee Meeting
- Breakthrough to Success
- Cascade Games
- Davis Intermediate Graduation
- Filatellic Fiesta
- Golden State Spirit Cheerleader Competition
- Heald College Graduation
- LeyVa Middle School Graduation
- Lucha Libre Wrestling
- Martin Luther King Stop the Violence Rally
- Rosh Hashanah: Jewish New Year
- San Jose State University Chicano Commencement
- Shark City Karate Championship
- Silicon Valley Open Tae Kwon Do
- SJSU College of Engineering Graduation
- Strikeforce Kickboxing
- TBS presents "SCC Deputy Sheriff's Basketball"
- USA Girls Hockey Championship - Opening Ceremony
- Victory Outreach
- World Wellness Organization
- Yom Kippur: Day of Atonement

Civic Usage



Civic – Room Nights

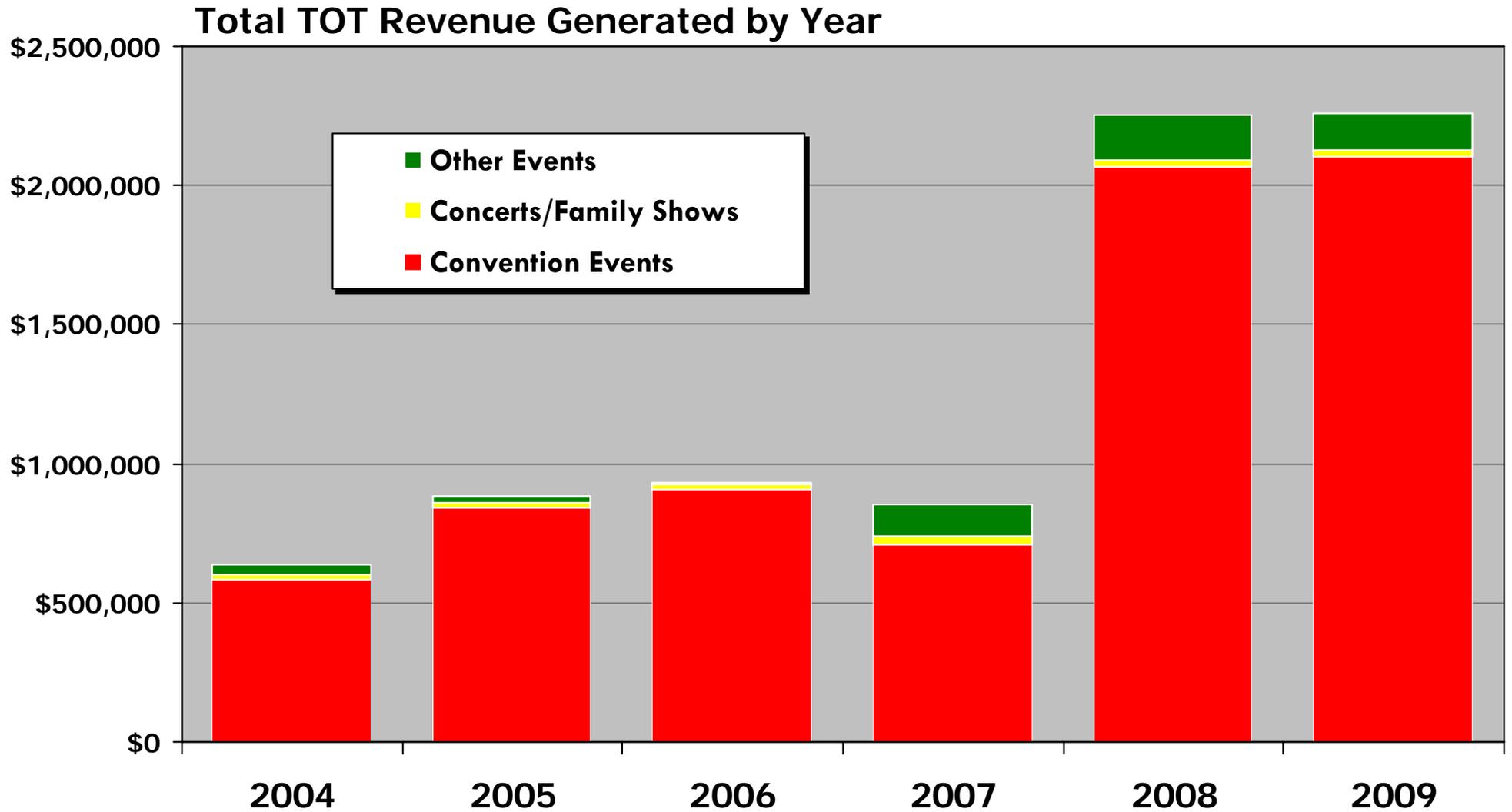


Why Big Jump in '08 and '09"?

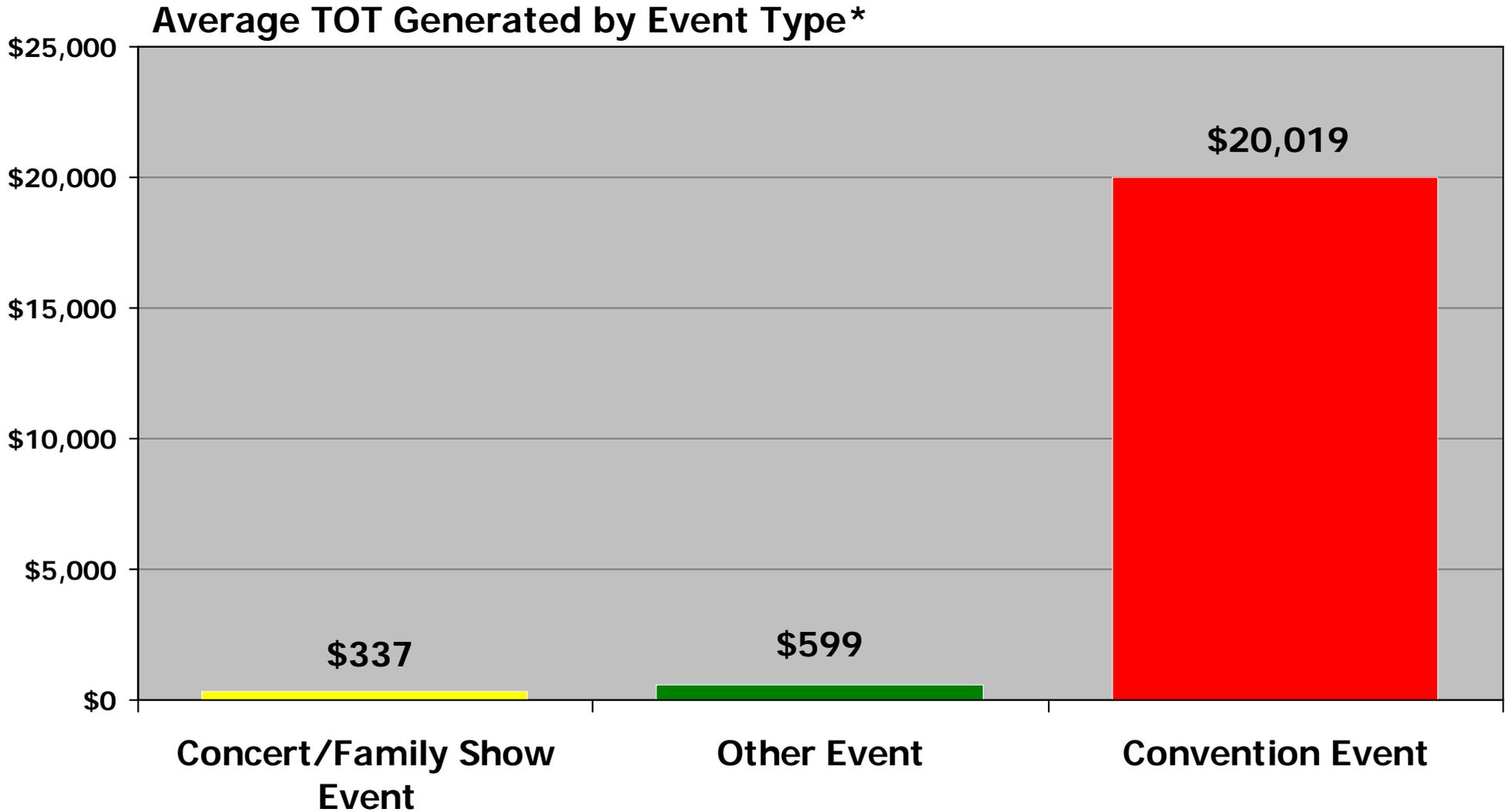
- **New Events:** 11 convention events will be using the Civic for the first time in 2008. These events bring to San Jose:
 - Over 70K room nights in 2008
 - Over \$1.5M in SJCC revenue in 2008
- **Growing Events:** Many existing clients are adding special program content that require the Civic's space
- **CPA is Booked:** Some convention events are using the Civic due to calendar conflicts with CPA's resident tenant schedules

Civic Economics: Highest & Best Use

Civic Economic Impact

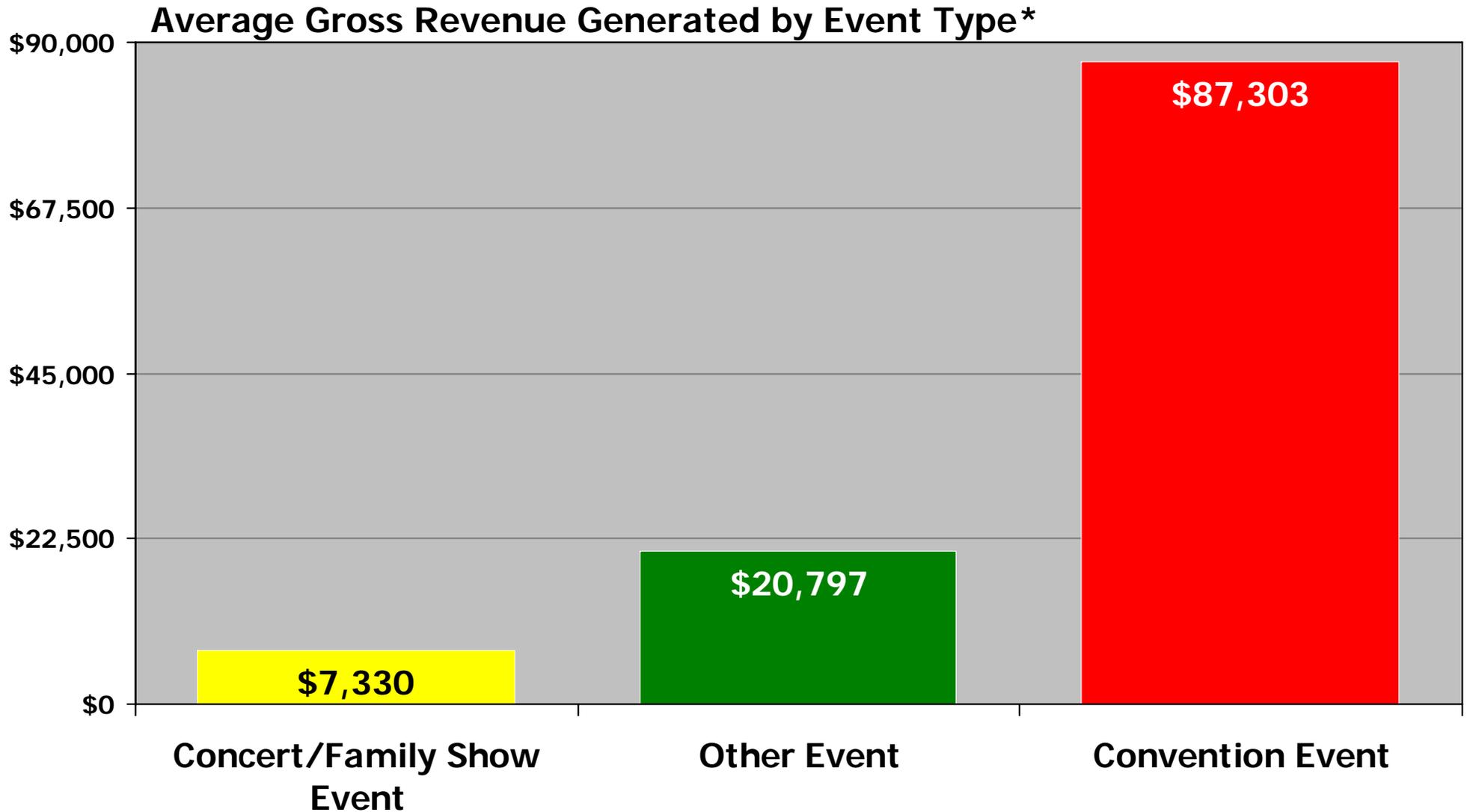


Civic Highest & Best Use



**Average for four-year period from 2004 through 2007; excludes 2008 and 2009.*

Civic Highest & Best Use



*Revenue includes all rental, F&B, networking, etc. generated at all facilities utilized for the event.

Promoter & Resident Interviews

Promoter Interviews

- **Another Planet** – “Our experience with TSJ has been fine. We have no issues with the management, and communication has always been good.”
- **Live Nation** – “The Civic facility itself is dated. Although functional, it’s cold and is aesthetically unpleasing. It has a feel of an arena and not of a performance venue. It has been a tough sell for us as a live music venue. There are only a few shows that we can bring to the Civic due to it’s condition. We have success with the same artists in other Bay Area venues, but not in the Civic. The facility, with it’s late-’70’s feel, is not a destination. Our experience with the Civic’s management is fine, and we rarely have difficulty getting dates to book the Civic.”
- **Marquez Brothers** – “The Civic Auditorium has worked well for us for the most part. We usually only use it a couple of times per year because in its current condition it only fits a certain niche. We tend to use the convention center and arena more often. We have had no challenges with using or booking the Civic, we have more challenges finding the right fit between the event and the Civic’s space.”

Promoter Interviews

- **SVS&E/HP** – “Historically, going back a few years, we did have some difficulty in securing dates for the Civic. But more recently, no, I cannot say that getting dates in the Civic is an issue for us. We would like to see a situation where the Civic Auditorium can be used to create a win-win situation, assisting the City attract convention business as well as enhancing the ability to activate the facility for concerts and special events.”
- **TN Entertainment** – “The Civic Auditorium is adequate as a venue, but we typically prefer to use the CPA due to the higher quality. Our overall experience with the TSJ staff is great, but we think the labor costs are too high.”

Resident Tenant Interviews

- **Children's Musical Theater [Montgomery Theatre] –**
“Initially we had concerns about the service and facilities provided to us and whether we could be taken seriously given our “youth theater” category. Our concerns were for the most part unfounded. TSJ met with me personally my first week on the job and briefed me on facility concerns and the progress that was being made to address and improve them. TSJ has proven to be more than responsive whenever we've had requests. For example – we had some theater lighting that was stolen, it was quickly replaced. TSJ also provided us temporary parking at the convention center when needed. We requested the lobby of the Montgomery be painted, monitors hung, new menu items, a new format for serving food and beverage in the patio outside the theater and within a few weeks TSJ accomplished all of these requests. Our patrons raved about the changes. Most importantly, TSJ has provided a forum for all the facilities stakeholders to share concerns, strategize and work towards solutions - this has been invaluable. Lastly, we'd like to express concerns if TSJ would not continue to manage all of the facilities. From our viewpoint, TSJ is doing a tremendous job under what are sometimes difficult circumstances.”

Resident Tenant Interviews

- **Ballet San Jose [CPA]** – “We view the exclusive arrangement with Centerplate as a negative, as this is a non-competitive arrangement. These are City-owned and managed facilities, there should be a choice in the catering vendor/contractor. With Centerplate, we have experienced inconsistent catering services management (three managers in 3 years); poor communication between Centerplate management and on-site staff; lack of catering management and contact/access at time of event; failure to execute terms of contract; inability to support beverage invoicing; billing errors; non-responsiveness to repeated complaints; and excessively high food/beverage prices. Recently, some minor billing concessions and cost reductions have been made to the Ballet as a result of service and billing issues during the last three seasons. We feel the standard of service and performance of Centerplate must be better. On a positive note, the individual employees who staff the events always respond to the immediate issues and concerns of the Ballet and do their best to correct the errors.”
- **Opera San Jose [CA Theatre]** – “The facility is well maintained. TSJ is still in the experimental stage, but overall, we have a very positive view on them as manager and operator of the facility; they have their act together, they are accessible and responsive. We have no red flags. We think the City should be patient with TSJ.”

Resident Tenant Interviews

- **Symphony Silicon Valley [CA Theatre]** – “We are 80 to 85% satisfied. There have been some growth pains with TSJ; some early struggles with staying fully staffed lead to some miscommunication; which is all part of the maturation process. TSJ is the best alternative we have with regards to management, and we believe it is a good one. A private manager would be for profit, would increase fees, which may lead to not being able to afford additional shows. TSJ is on right track, they have more development/maturing to do, but they’re better than any alternative. Our struggle has been in the middle-management area, the top-level management and staff are good. Overall, we’d say TSJ is on the right track.”
- **American Musical Theater [CPA]** – “TSJ continues to be a vast improvement since taking over management, they are doing a stellar job in our opinion. Their response time when issues arise is great; and have shown a willingness to grow and clean things up. TSJ has had to deal with deferred maintenance issues that have been neglected and inherited aging infrastructure. Given time, TSJ could be a model for other cities. They’re proactive and desire feedback from users. TSJ has a pretty strong team and has made great strides. The City should stay the course with TSJ.”

Summary & Recommendations

Summary

- General Sessions space is an important component to convention groups
- Unlike its competition, the San Jose Convention Center (“SJCC”) does not have the excess function space available for overflow use for general sessions
- Industry trend is towards a quality, dedicated general session space (Denver & Phoenix’s new facilities)
- Focus groups of SJCC clients support the preference for a tie-in with a renovated Civic

Summary (cont.)

- Since 2004, the Civic has been active approximately every other day with Conventions, Concerts/Family Shows, and Other civic-oriented events
- Mix of event types at the Civic has been approx. 35%-45% Other events; 20%-45% Concerts; and 15-30% Conventions
- TOT tax generation and average gross facility revenue is far greater from Convention events than Concerts or Other event types held in the Civic, with an average of \$20,000 and \$70,000 greater per event, respectively
- From the City's perspective, the highest and best use of the Civic is to maximize the Civic's use for Convention-related events

Summary (cont.)

- Concert/Family Show Promoters contacted reported some challenges booking the Civic due to its condition and physical attributes
- Concert/Family Show Promoters contacted, including Another Planet, Live Nation, Marquez Bros., SVS&E, and TN Entertainment reported no difficulties getting dates for “booking” the Civic
- Concert/Family Show Promoters contacted reported no difficulties or communication challenges dealing with TSJ
- Resident facility tenants support current management and operations structure with TSJ

Recommendations

- ➊ Realize the highest and best use by continuing to allow priority access to Civic for Convention-oriented general session business via the current single point-of-contact management structure
- ➋ Establish a formal booking policy that identifies the various priority levels, as well as the booking rights, event parameters, booking procedures and timeline of each level; as well as date-conflict resolution
- ➌ Maintain a preferred-status with several key local promoters, but allow the Civic space to offer open booking for all acts, events, and promoters

Recommendations (cont.)

- ④ Allocate Public investment in the Civic to meet the needs of both General Session and Concert events, which are largely consistent
- ⑤ Allow all stakeholders (City, RDA, TSJ, SVS&E, Promoters, civic groups, etc.) to participate in the Civic's programming and design charrette process
- ⑥ Establish accountability via the creation of activity and usage goals for the Civic

Booking Policy Framework

1st Priority: Conventions/General Sessions

2nd Priority: Concerts, Family Shows and High-Profile Performances

3rd Priority: Other Ticketed Shows

4th Priority: Community and Civic Use