

**MANAGEMENT AND OPERATIONS
CONVENTION CENTER AND CULTURAL FACILITIES
SPECIAL STUDY SESSION MINUTES**

SAN JOSÉ, CALIFORNIA

MONDAY, DECEMBER 17, 2007

The Council of the City of San José convened in Special Study Session at 1:03 p.m. in the Council Chambers at City Hall to focus on the management and operations of the Convention Center and Cultural Facilities.

Present: Council Members - Campos, Chu, Constant, Cortese, Liccardo, Oliverio, Nguyen, Pyle, Williams; Reed.

Absent: Council Members - Chirco. (Excused)

Staff: City Manager Debra Figone, City Attorney Richard Doyle, Chief Deputy City Manager Kay Winer, Interim City Auditor Stephen Hendrickson, Redevelopment Agency Director Bill Ekern, City Clerk Lee Price and Legislative Secretary Susan Davis.

Documents Filed: (1) Memorandum from Mayor Reed, Vice Mayor Cortese and Council Member Liccardo, dated December 13, 2007, recommending approval of the Staff recommendations with amendments and additions. (2) Memorandum from Council Members Constant, Williams and Nguyen, dated December 13, 2007, recommending acceptance of the Staff recommendations with minor changes. (3) Memorandum from Chief Deputy City Manager Kay Winer, dated December 4, 2007, recommending adoption of a resolution and direction to Staff to provide a follow up response to the Civil Grand Jury on the actions taken by the City regarding the recommendation to issue a request for proposal for management of the convention center and cultural facilities. (4) Binder of the Management of Convention Center and Cultural Facilities Study Session dated December 17, 2007. (5) Fourteen correspondences all dated December 17, 2007, from members of the public regarding the Convention Center and Cultural Facilities.

(1) Purpose of Special Session and Expected Outcomes

Mayor Reed described the purpose of the Special Meeting and expected outcomes.

Chief Deputy City Manager Kay Winer provided an overview of the Management of the Convention Center and Cultural Activities.

- (2) **Overview of Key Reports:**
- (a) **Performance Audits of Team San José for FY 2005-06 and FY 2006-07**
 - (b) **Assessing Performance: A Framework for the San José McEnery Convention Center, by Kai-Yan Lee**
 - (c) **Overview of Special Study Session on November 13, 2007 regarding Convention Center Expansion**
 - (d) **Convention Center Benchmarking Study**
 - (e) **Civic Auditorium Study**

Interim City Auditor Stephen Hendrickson provided an overview of the Performance Audits of Team San José for FY 2005-06 and FY 2006-07 and Assessing Performance: A Framework for the San José McEnery Convention Center, by Kai-Yan Lee.

Redevelopment Agency Director Bill Ekern outlined the Convention Center Expansion.

Charles Johnson, President, C.H. Johnson Consulting, presented the Convention Center Benchmarking Study. Tony Peterman, Strategic Advisory Group Representative, provided a summary of the Civic Auditorium Study.

- (3) **Presentation and Discussion of Policy Alternatives and Staff Recommendation:**
- (a) **Issue new Request for Proposal**
 - (b) **Extend the current agreement with Team San José with the same terms and conditions**
 - (c) **Extend the agreement with Team San José with new and modified terms and conditions.**

Chief Deputy City Manager Kay Winer presented an overview of the recommendations for the agreement with Team San José.

Dan Fenton, Team San José provided a short introduction. Speaking favorably about collaboration and partnership with Team San José were Michael Mulcahy (Convention Visitors Bureau), Michael Miller (American Musical Theatre of San José), John Southwood, for Chuck Bond (Hotel Partnerships) and Brian Hartman (Centerplate).

Phaedra Ellis Lamkins summarized the organizational structure of Team San José and the introduced Board Members.

Erik Ferris, Director of Client Services, Team San José, described the customer service model. Michael Miller (American Musical Theatre of San José), Tim Lewis (Marcus Brothers Entertainment), Kathy Kellet (Apple Inc.), and Jason Chudnofsky (Pulver Media) spoke in support of services provided by Team San José.

City Employees, Marc Freitas, Russ Northrup and Diane Bill shared positive testimony about working with Team San José.

Dan Fenton and Phaedra Ellis Lamkins provided closing comments and next steps.

(4) Staff Recommendations:

- (a) Adoption of a resolution authorizing the City Manager to negotiate an additional five years with Team San José with new and modified business terms and conditions for the management of the Convention Center and Cultural Facilities, including the subcontracting of bookings and promotions at the Civic Auditorium by Team San José for the period July 1, 2009 through June 30, 2014. Staff will provide status of the negotiations to the Community and Economic Development Committee in May 2008 and to the full Council in June 2008.**
- (b) Direct staff to provide a follow up response to the Civil Grand jury on the actions taken by the City regarding the recommendation to issue a Request for Proposal for management of the convention center and cultural facilities.**

Motion: Council Member Liccardo moved approval of the Staff recommendations and the memorandum he cosigned with Mayor Reed and Vice Mayor Cortese, dated December 13, 2007. Vice Mayor Cortese seconded the motion.

City Attorney Richard Doyle and City Manager Debra Figone responded to Council questions. Extensive Council discussion followed.

City Manager Figone suggested that Staff return in 90 days with the streamlining needed for the City Council's goals.

Vice Mayor Cortese moved to amend the motion to direct Staff to return in 60 days with the additional analysis of the roles and fiduciary responsibilities of both Team San José and the Convention Visitors Bureau, a recommendation on the feasibility or appropriateness of the two entities remaining separate (with their own Board of Directors and Executive Director) and further, explore any additional recommendations regarding the streamlining of Civil Service rules for the City employees. City Manager Debra Figone requested an additional 30 days. The motion to amend was revised to give Staff 90 days to do the analysis. The amendments were accepted by Council Member Liccardo.

Amendment to the Motion:

Council Member Constant moved to amend the motion to preserve the City positions in the current management agreement in order to ensure the continued expertise and excellent level of service. Council Member Nguyen seconded the motion.

Council Member Williams stated that Civil Service employees should remain under the direction of Team San José.

On a call for the question, the amendment to the motion carried. (9-2. Noes: Liccardo; Reed.)

Council Member Chu suggested that Team San José find creative ways to reach out to the diverse ethnic community.

(4) (Cont'd.)

Council disclosures were made by Mayor Reed, Vice Mayor Cortese and Council Members Pyle, Oliverio, Liccardo, Nguyen, Constant, Chu, Campos and Williams.

Action: On a call for the question, the motion carried unanimously, Resolution No. 74166, entitled: "A Resolution of the Council of the City of San José Authorizing the City Manager to Negotiate an Additional Five Years with Team San José with New and Modified Business Terms and Conditions for the Management of the Convention Center and Cultural Facilities, Continuing to Include the Bookings and Promotions at the Civic Auditorium by Team San José for the Period of July 1, 2009 through June 30, 2014", was adopted; Staff was directed to provide a follow up response to the Civil Grand jury on the actions taken by the City regarding the recommendation to issue a Request For Proposal for management of the convention center and cultural facilities; and the memorandum from Mayor Reed, Vice Mayor Cortese and Council Member Liccardo, dated December 13, 2007 was approved, as amended, including: (1) Civic Auditorium Operations: Continue to include the San José Civic Auditorium under the Team San José Management Team. However, the Team San José operation of the Civic Auditorium should be tied to a set of annual bookings and promotions performance standards and guidelines to be developed jointly with City Staff and approved by City Council. In addition, it is recommended that Team San José issue a quarterly report which addresses confirmed bookings for the Civic Auditorium and a work plan to address increasing utilization of the Civic Auditorium with target revenue goals. (2) Additional terms of conditions of the Management Contract: (a) To include performance measures for the potential reduction of the current subsidy. Any savings achieved will be allocated to the Capital Improvement Fund for the repair, replacement and renovation of the facilities. (b) To provide the City Council, at a future date, more comprehensive information about the use and operation of each of the theatres, the costs to operate the facilities and how each is managed from a financial perspective. (c) To facilitate the Tech Museum's option for additional use of Parkside Hall. (d) Include Team San José in planning, design and construction activities related to expanding or rehabilitating any facility under Team San José management. (3) Preserve the City positions in the current management agreement in order to ensure the continued expertise and excellent level of service. (4) Direct Staff to return in 90 days with the additional analysis of the roles and fiduciary responsibilities of both Team San José and the Convention Visitors Bureau, a recommendation on the feasibility or appropriateness of the two entities remaining separate (with their own Board of Directors and Executive Director) and further, explore any additional recommendations regarding the streamlining of Civil Service rules for the City employees. (11-0.)

PUBLIC COMMENTS

The following speakers expressed support for the Team San José models, including the continued use of City employees: Walter Wilson (African American Center), Don Ricerk (IATSE Local 134), Barry Anderson, Dwight Lawson, Ruben Alcala (Team San José), Lilia Lopez (Concession Convention Center), Miguel Lopez, Carmen Davila, Lucy Moran (Centerplate), Erik Larsen (AFSCME Local 101), Marcela Aviles (Mexican Heritage Corporation), Mike Sodergren (Streamline Communications Corporation), Jim Peterson, Dee Rogers and Scott Knies (San José Downtown Association).

ADJOURNMENT

The Council of the City of San José adjourned the meeting at 4:16 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Lee Price, MMC
City Clerk

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