



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Edward K. Shikada

SUBJECT: SEE BELOW

DATE: 10-7-10

COUNCIL DISTRICT: Citywide

**RE: NAMING RIGHTS AGREEMENT BETWEEN SJAM AND CITRIX SYSTEMS
AND AMENDED ADVERTISING PLAN FOR HP PAVILION**

RECOMMENDATION

1. Approval of the Second Addendum to the Amended and Restated San Jose Arena Management Agreement between the City and San Jose Arena Management LLC, consenting to the Naming Rights Agreement between SJAM and Citrix Systems for the naming of the suites at the HP Pavilion, and providing for the sharing of revenues, in the amount of \$75,000 per year to the City, in FY 2010-11 through FY 2012-13, with a two year option to extend at Citrix Systems' discretion.
2. Approval of an amended Advertising Plan for the HP Pavilion to:
 - a. Add the Citrix Suites branding to the penthouse and concourse suites, walls, information desks, directional signs and suite line signage; and
 - b. Add two brand name/trade name signs above the remodeled north entrance concession stand.

OUTCOME

Naming of the suites at the HP Pavilion, and providing for the sharing of revenues, in the amount of \$75,000 per year to the City, and approval of an amended advertising plan for the HP Pavilion.

BACKGROUND

In reference to recommendation number 1, the Amended and Restated San Jose Arena Management Agreement allows for opportunities for the City and HP Pavilion Management to equally share in revenue generated from Pavilion building naming. To date, the City receives annual revenue from two building naming sources: the naming of the Pavilion (HP Pavilion at San Jose) and the naming of the Pavilion Club area (Comerica Club). Funds annually generated from these naming agreements are dedicated to three sources: the City's General Fund; the ten City Council Districts; and facility improvements and enhancements for the Pavilion. These two

building naming agreements have been a significant funding source for both the City and the ongoing capital improvements and enhancements at the Pavilion.

ANALYSIS

Naming Rights Agreement between SJAM and Citrix Systems

Citrix Systems approached HP Pavilion Management with a naming rights package for the Pavilion suites. For reference, there are 64 suites in the Pavilion with 21 suites along the Pavilion concourse and 43 suites within the Pavilion penthouse area. The Citrix Systems brand name would be incorporated into the graphics package currently displayed at the Pavilion. This would include the Citrix Systems brand name at the entrance to each Pavilion suite along the Pavilion concourse and penthouse levels as well as at the suite concierge stations located at each level. Suite directional signs displaying the Citrix Systems name will also be deployed at pedestrian ingress points throughout the Pavilion.

Under the terms of the Amended and Restated Arena Management Agreement, revenue generated from Pavilion naming agreements shall be split equally (50%) between the City and HP Pavilion Management. As a result, this suite naming agreement would annually generate \$150,000 in revenue, with the City receiving \$75,000 annually through the term of the agreement. The terms being presented include Citrix Systems naming rights to the suites through FY 2012-13 with two additional option years (per Citrix Systems' discretion).

With the 2006 Comerica Club naming agreement, annual revenues generated through this agreement were specifically dedicated to Pavilion capital enhancements. For the Citrix Systems naming agreement, staff is recommending that the City's portion of the Citrix Systems suite naming revenue be dedicated to the City's General Fund.

HP Pavilion Advertising Plan

HP Pavilion Management has requested City approval to amend the Pavilion advertising plan that was submitted and approved by the City Council on May 25, 2010. Under the terms of the Arena Management Agreement, HP Pavilion Management must submit an updated Pavilion advertising plan for approval to the City every two years. Additionally, per Attachment 8 of the Arena Management Agreement, Arena Advertising, HP Pavilion Management may from time to time submit requests to the City for approval for alternative standards and systems to be used in the Pavilion concourse area. This would include the addition of Citrix Systems signage along the concourse area at the suite entrances and at the concourse suite concierge stations. Please note that the Citrix Systems proposals involve both naming rights considerations as well as Pavilion advertising requirements as called out in the Arena Management Agreement. There is no cost to the City for the additions to the Pavilion advertising plan or the naming rights agreement.

In addition to the revisions to the Advertising Plan related to the Citrix Agreement, HP Pavilion Management has submitted plans to build out the Pavilion north concourse concession area. This is an open, 360 degrees concession area that is located near the Pavilion's northern

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Subject: Naming Rights Agreement and Advertising Plan

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entrance. Situated between two, large, concrete columns, the concession area is immediately below the circular City of San Jose seal which is anchored between the two concrete supports. Since the Pavilion opened in 1993, this north concourse concession area has been used at different times as a point-of-sale for Pavilion merchandise, food and beverages. Engaging the Pavilion's original architect as well as the original Pavilion graphic designer, HP Pavilion Management submitted plans to expand and enhance this concession area. Included in the design plans, dividing the concession area into two halves, is a silver metal wall. An illuminated concession franchise sign will be featured on each side of the metal wall. HP Pavilion Management is considering an alcoholic beverage (beer) franchise for this concession area.

The plan as proposed by HP Pavilion Management was a 13'6" structure. The Administration was concerned about the proximity of the commercial advertising to the City seal. HP Pavilion Management engaged their architect to evaluate design options and has agreed that the height of any commercial messaging will not exceed 11 ½ feet, which is approximately half the distance from the floor to the bottom of the City seal. The architectural treatment may extend to 13'6". The Administration believes that the height limitation mitigates the concern of the distance of the advertising to the City seal and recommends that the Council approve the advertising plan with this limitation.

Consistent with the terms of the Arena Management Agreement, HP Pavilion Management has submitted these concession enhancements to the City for approval for alternative standards and systems to be used in the concourse. The physical branding (franchise name) of this concourse concession follows the current standards established in the management agreement as the signs relate to the size limitations of concourse concession signage. These concession improvements are considered Manager's Capital Enhancements as defined in the management agreement. There are no costs to the City associated with the concourse concession improvements or the additions to the Pavilion advertising plan. See amended advertising plan included as Attachment A.

EVALUATION AND FOLLOW-UP

Per the terms of the Arena Management Agreement, HP Pavilion Management is required to provide details of an advertising plan every two years to the City for consideration. As previously referenced, HP Pavilion Management is obligated to follow advertising guidelines as specified in *Attachment 8 Arena Advertising* of the San Jose Arena Management Agreement. Every two years, the Arena Authority's Facilities Committee, and subsequently the Arena Authority Board of Directors, reviews components to the advertising plan as well as any potential modifications submitted for consideration by HP Pavilion Management. For these specific projects, the Arena Authority's Facilities Committee and Board of Directors reviewed these plans prior to submittal to the City Manager's Office for City Council consideration.

PUBLIC OUTREACH

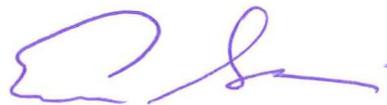
- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 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. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This memorandum was coordinated with the City Manager's Office, the City Attorney's Office and the Arena Authority.

CEQA

Not a Project, File No. PP10-066 (e), Services that involve no physical changes to the environment.



EDWARD K. SHIKADA
Assistant City Manager

For questions please contact Ed Shikada at (408) 535-8190.

Attachment A

September 2, 2010

Chris Morrisey
San Jose Arena Authority
525 W. Santa Clara Street
San Jose, CA 95113

Dear Chris:

In accordance with the requirements of the San Jose Arena Management Agreement, we hereby submit our current advertising plan relating to advertising in and around HP Pavilion.

Two changes to the existing plan are as follows: 1. Add two brand name/ trade name signs above the remodeled north entrance concession stand. 2. Add Citrix Suites branding to penthouse and concourse suites, walls, information desks, directional signs and suites line signage.

Please be advised that the advertising plan is consistently being reviewed and there is potential to submit changes in the near future.

Sincerely,

Jim Goddard
Executive Vice President and
General Manager

JG:rg
Attachment

cc: Don Gralnek

Advertising, Trade Marks and Trade Names

Paid Advertising

Concourse Level

- 16 –two sided back list pendant mounted ad signs in the concourse –each panel 4’X12’
- 8 single faced exterior illuminated ad panels above exits –each panel 16’X16’
- 8 single faced exterior illuminated ad panels above concessions stands – each panel approximately 16’X16’
- 32 back lit signs, each measuring 4’X8’ affixed to gray brick areas adjacent to food and beverage service carts per November 26, 2003 Arena Authority memo. (Future)
- 2 illuminated ad panels on the remodeled north entrance concession stand. They shall not exceed 11’- 6” in height to the top of the ad panels and the overall height of the structure including architectural elements shall not exceed 13’- 6”

Seating Area

- Four sided center hung large screen video scoreboard
 - Video screen 212.16” X 287.04”
 - Upper ring 6’ X 145’
 - Middle ring 4’ X 134’
 - Lower ring 3’ X 82’
 - HP Signs 53.4” X 290.54”
- Hockey dashers –36 ad panels 2’ 6”X12’ each
- Balcony fascia Fascia 3’ X 928’
- Scorers table and penalty box
- Team benches
- Ice resurfacing machines
- Ads in the ice according to NHL rules
- 1 lit ad panel 2’X5’ above Sharks vomitory Sharks Locker Room 56” X 33”
- 1 LED ad panel 2½’X12’ above Zamboni vomitory
- 3 back lit ad panels 2’X4’6” above arena level vomitories
- 1 LED ad panel 2’X4’6” above arena level vomitory 128

Advertising, Trade Marks and Trade Names

Trade Marks and Trade Names

City approval is sought only for the locations (and not the design or graphics) of the following trade marks and trade names.

Arena Level

- Sharks logo at Sharks dressing room entrance in the arena level corridor and vomitory
- SVSE and related trademarks behind the reception desk in the administrative office

Club Level

- Store front at Sharks Store inside southeast entry
- Club entrances at southeast and northwest entries
- Above Club bars and Club vomitories in Club

Concourse Level

- One (1) automated teller machine inside each entrance
- One (1) automated teller machine outside next to Tickets South
- Merchandise associated with events at the Arena
 - Four (4) permanent merchandise locations –concourse level
 - Four (4) semi-permanent merchandise locations –concourse level
 - Two (2) auxiliary merchandise locations –(penthouse level)
 - Portable auxiliary merchandise locations –(concerts and some other events)
- Brand name/trade name above concession locations per Agreement to Enter and including concession area enhancements as outlined in November 26, 2003 Arena Authority memo.
- Information desk (2)
- In suite identification (22)
- Suite identification (22)

Exterior

- Restaurant entry at Santa Clara St.
- Store front at Sharks Store on Santa Clara St.
- LED marquee – 18' X 19'
- Suite line entrance sign (2)

Penthouse Level

- Suite holder identification per November 26, 2003 Arena Authority memo.
- Wall identification (2)
- In suite identification (44)
- Suite identification (44)
- Information desk (2)
- Directional sign (8)

Advertising, Trade Marks and Trade Names

Seating Area

- Championship banners
- Retired uniform numbers of players
- Broadcast company/station identification
- Event related banners
 - -Banners
 - -Banners suspended from structure
 - -Other locations

Various Areas

- “ARA Serves You Right” at all alcoholic beverage points of sales (all levels)
- Product identification on beverage dispensers, menu boards, warming cabinets, glasses, etc.
- Sharks logo banner at entrance
- Advertising on admission and parking tickets/passes
- Handout items i.e., pocket schedules, posters, etc.
- Manufacturer identification on food service equipment, restroom dispensers, etc.

Advertising, Trade Marks and Trade Names

City/Arena Name Locations:

- Prominently displayed under the ice per Agreement to Enter requirements.
- Prominently displayed on the basketball floor per agreement to Enter requirements.
- Prominently displayed on the scoreboard per Agreement to Enter requirements.
- Southeast entrance facing Santa Clara.
- Northwest entrance facing Julian.
- Roof