



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

**SUBJECT: AGREEMENT WITH SAN JOSE
SPORTS AUTHORITY FOR
FY 2011-2015**

DATE: March 26, 2012

Approved

Date

3/29/12

RECOMMENDATION

Approve an agreement with the San Jose Sports Authority for the period July 1, 2011 to June 30, 2015, in the amount of \$ 338,073 in FY 2011-2012 and subject to City Council appropriation of funds thereafter.

OUTCOME

Approval of this agreement will facilitate the continuation of San Jose Sports Authority's efforts to promote San José as site for high profile sporting events and to develop and support local sporting events and organizations.

BACKGROUND

The San Jose Sports Authority (SJSA) is a nonprofit corporation formed in 1991 to promote San José as a site for high profile state, national and international sporting events and to develop and support existing sporting events and organizations in San José and the Bay Area. Under contract with the City, SJSA engages in the following activities:

1. Contacts national governing bodies, institutions and professional organizations, sports promotion and domestic and international sports organizations to solicit high profile sporting events for San José;
2. Solicits funds through fund raising activities to support the SJSA and to underwrite events;
3. Provides information to local residents on sports activities taking place in the community;
4. Markets San José as a host city for sporting events; and
5. Coordinates SJSA sponsored or sanctioned events with relevant City offices and departments.

Examples of the events the SJSA was instrumental in bringing to San José during previous contracts include NCAA Division I Men's Basketball Championships Pac-10 Conference Women's Basketball Tournament, the U.S. Olympic Team Trials in Judo and Taekwondo, the U.S. Olympic Team Trials in Rhythmic Gymnastics, FIVB World League Volleyball, Visa Championships, Dew Action Sports Tour, Rock & Roll Half Marathon, USA Water Polo Junior Olympics, and LiveStrong Challenge.

In addition, SJSA also assisted the City to secure, promote, and sponsor the Amgen Tour of California and the King of the Mountain Ride. For the 2012 Amgen Tour of California, recognizing a contraction in City resources, the SJSA agreed to participate in a new public/private model in which it serves as the lead coordinator for this professional cycling event with the City of San José and the Silicon Valley Leadership Group as supporting partners and sponsors. This is a departure from the model of previous years in which the City served as the lead organizer and coordinator for the Amgen Tour of California.

ANALYSIS

The proposed agreement is a continuation of the prior agreement with the SJSA with a few exceptions and is retroactive back to July 1, 2011. The City's funding for FY 2011-2012 (\$338,073) under this agreement is at a lower level than in previous years. In the past, the Authority received up to \$900,000 annually. As such, as discussed in more detail below, there are some changes to the terms of the Agreement to better align the performance goals to the funding level.

Under the terms of the agreement, SJSA will continue to promote San José as a site for high profile state, national and international sporting events as well as support existing events and organizations through June 30, 2015.

The key elements of the new Services Agreement are as follows:

Term

The term of the agreement is from July 1, 2011 until June 30, 2015, and is retroactive to address work already done by SJSA.

SJSA Services

The Agreement requires SJSA to:

- Serve as the City's primary outside organization for contacting national governing bodies, institutions and professional organizations, sports promotion and domestic and international sports organizations, to solicit high-profile sporting events for San José.
- Solicit funds through fund raising activities to support the SJSA and to underwrite events.
- Inform local residents of sport activities taking place in the community, answer verbal and written sports-related requests, create a more positive attitude among residents

toward sporting events, and in general, serve as a coordinating agency with other sports and community service groups that would benefit from involvement in sports.

- Keep abreast of new marketing trends in sports entertainment which will improve San José's position as a host city. Explore local, regional, national and international publications for publicity opportunities describing San José and the surrounding area as a sporting event venue.
- Maintain current active membership in national and state event and sports associations.
- Design, purchase, provide and distribute the necessary books, pamphlets, brochures, circulars and such other promotional literature and materials as may be reasonably necessary to effectuate and implement a promotional program of the City.
- Coordinate SJSA sponsored or sanctioned events and maintain a close working relationship with the City's Public Outreach Manager, Parks Recreation and Neighborhood Services Department, authorized operators of City-owned facilities, Office of Economic Development and other relevant City offices and departments.

City Participation

The agreement also provides that the Authority Board include the City Manager, or designee, and two other members appointed by the Mayor. The City representatives currently are Councilmember Pete Constant, Councilmember Pierluigi Oliverio and Kim Walesh, Director of the Office of Economic Develop and Chief Strategist. At least one of the City's representatives is to serve on the Executive Committee of the Board at all times.

A new provision in this Agreement, as a means to offset the decreased financial assistance from the City, is that the City will determine up to three national and international special events to co-sponsor. This allows for the San Jose Sports Authority to be charged the same rates for City Services for the event as if it were a City event. Costs for the outdoor events will remain at cost recovery with staffing for the event established as a City-produced event. There will be no anticipated impact to the General Fund.

Goals and Performance

The Performance Measures and Goals of the proposed Agreement have been changed slightly to reflect the decreased amount of funding, and the increase to the economic impact measures of the major sporting events the Authority attracts. This adjustment reflects the changing public-private partnership between the City and SJSA, in that it measures the City's investment of funds, but does not hold SJSA to private funding raising totals, or projects that SJSA is involved with that do not use City funds.

The City and SJSA have agreed to the following measurements:

- During FY 2011-2015, bid, attract, support or host three major spectator sporting events. A major sporting event is one that is defined as having an economic impact of a minimum of \$3,500,000 and is broadcast on National Television. The Original

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Agreement identified four major sporting events, but only an economic impact of \$1,500,000.

- During FY 2011-2015, bid, attract, support or host three spectator sporting events with economic impact minimum of \$250,000.
- During FY 2011-2015, bid, attract support or host four participatory events with a minimum economic impact of \$500,000.
- REACH Youth Scholarship Program to be presented by the Authority. This program honors graduating high school seniors who have overcome adversity. The City is not requiring any fundraising totals for this event.
- The Authority will continue management of the all aspects of the San Jose Sports Hall of Fame Dinner and attract 600-800 guests annually.

EVALUATION AND FOLLOW-UP

The Agreement between the City and Authority is subject to appropriation annually by the City Council. The Office of Economic of Development will continue to monitor the performance measures and goals on an annual basis and update the Community and Economic Development Committee in fall 2012.

PUBLIC OUTREACH/INTEREST

- 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)**

This memorandum does not meet any of the Criterion listed and will be posted on the Council Agenda for the April 17, 2012 Council agenda.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office, the City Attorney's Office and the San Jose Sports Authority.

COST SUMMARY/IMPLICATIONS

For 2011-12 the budget is \$338,073, which was appropriated by the City Council as part of the FY 2011-12 Adopted Operating Budget. Funding for future years (2012-2015) is subject to the annual budget process and City Council approval.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the agreement recommended as part of this memo.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
001	2181	Sports Authority	338,073	338,073	N/A	6/21/2011 Ord. No. 28928

CEQA

Not a Project, File No.PP10-066(e), Agreements/Contracts.

/s/
KIM WALES
Director of Economic Development
Chief Strategist

For questions please contact Lee Wilcox, Downtown Manager, at (408) 535-8172.