



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kimberly Welsh

SUBJECT: AGREEMENT FOR UNITED STATES GYMNASTICS OLYMPIC TRIALS
DATE: May 29, 2012

Approved

Date

6/7/12

COUNCIL DISTRICT: 3

RECOMMENDATION

Adopt of a resolution authorizing the City Manager to negotiate and execute an agreement with San Jose Arena Management, LLC for financial support of the winning bid for the US Gymnastic Olympic Trials taking place at the HP Pavilion June 28 - July 1, in the amount of \$300,000.

OUTCOME

Approval by the City Council will provide the City's budgeted financial contributions to attract the US Gymnastics Olympic Trials to San José.

BACKGROUND

The Games of the XXX Olympiad will be hosted in London, England from July 27 to August 12, 2012. In 2010, San Jose Arena Management, San Jose Sports Authority, the City of San José and the Convention and Visitors Bureau collectively engaged in an effort to support a bid for San José to be selected as the City where USA Gymnastics would hold their official Olympic Trials. Other cities such as Boston, Philadelphia, Indianapolis and Los Angeles were also vying to win the bid to host the Trials.

On January 26, 2010, the City Council unanimously directed the "City Manager to identify a potential funding plan for \$300,000 by Fiscal Year 2011-2012 as a City of San José contribution to support the event if the bid is awarded to San José." As such, on January 28, 2010, San José Arena Management submitted a bid to USA Gymnastics inclusive of the City's \$300,000 commitment. Additionally, as part of the 2011-2012 Approved Operating Budget, \$300,000 of General Fund monies were appropriated for this effort.

The San Jose Sports Authority and San Jose Arena Management with support from the Convention & Visitors Bureau and the City have been working with USA Gymnastics since

May 29, 2012

Subject: Agreement for United States Gymnastics Olympic Trials

Page 2

2002, with an expressed interest in hosting the Olympic Trials in Artistic Gymnastics. Since that time, San José has hosted numerous Gymnastics events including:

- 2011 Fédération Internationale de Gymnastique (FIG) Annual Meetings
- 2011 Acrobatic Gymnastics National Championships
- 2009 Trampoline and Tumbling Junior Olympics Championships
- 2008 Pacific Rim Gymnastics Championships
- 2007 Visa Championships (U.S. National Championships)
- 2007 USA Gymnastics Regional Championships
- 2004 Olympic Team Trials in Rhythmic Gymnastics and Trampoline

San José bid for and hosted these events to demonstrate its capability, success and readiness to host the United States' most prestigious event in the sport. The 2012 U.S. Olympic Trials – Gymnastics will deliver more than 8 hours of network television on NBC Sports, generate media coverage nationally and interest from around the world. The U.S. Men's and Women's Gymnastics teams who compete and will be named in San José will represent the USA at the Olympic Games in London.

ANALYSIS

San Jose Arena Management, San Jose Sports Authority, the City of San José and the Convention and Visitors Bureau were successful in winning the bid to host the US Olympic Gymnastics Trials between June 28 and July 1, 2012.

The successful bid included a guaranteed rights fee payable to USA Gymnastics. The fee must be paid regardless of the revenue generated by the event (e.g., tickets sales, sponsorships) and the expenses associated with the event (e.g., marketing, production expenses, planning expenses). The support from the City of San José (\$300,000), San Jose Sports Authority (\$150,000), and Convention and Visitors Bureau (\$150,000) provides the fixed contribution to the rights fee. The San Jose Arena Management is responsible for generating the balance of the guarantee through revenue generation in excess of event planning and production expenses.

The proposed agreement will obligate the City to pay \$300,000 toward the guaranteed rights fee for the event. The City of San José benefits significantly from the event's economic impact on Downtown and the positive international media coverage, including live coverage on network television.

EVALUATION AND FOLLOW-UP

No subsequent Council action on this issue is necessary. Staff will provide information to the Community and Economic Development Committee regarding the economic impacts of this event.

May 29, 2012

Subject: Agreement for United States Gymnastics Olympic Trials

Page 3

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 criteria above but will be posted on the Council Agenda for June 19, 2012 Council agenda.

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office and City Attorney's Office.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo and remaining project costs.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2011-2012 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
001	3895	United States Gymnastics Olympic Trials	\$300,000	\$300,000	IX-5	28928 6/21/2011

HONORABLE MAYOR AND CITY COUNCIL

May 29, 2012

Subject: Agreement for United States Gymnastics Olympic Trials

Page 4

CEQA

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

/s/

KIM WALESH

Director of Economic Development

Chief Strategist

For questions please contact Leland Wilcox, Downtown Manager, at 408-535-8172.