

MEMORANDUM

To: Honorable Mayor and Members of the City Council
From: William Clayton, Chair, San Jose Arena Authority *CMY / FOR*
Subject: Recommendations to Amend City and Community Events Policy
Date: December 17, 2003

RECOMMENDATION

It is recommended by the San Jose Arena Authority Board of Directors that components to the City and Community Events Policy be amended to continue to support the changing dynamics of the program.

BACKGROUND

As specified in Section 4.16.5 City and Community Events Fund of the Amended and Restated Arena Management Agreement, Pavilion Manager shall establish a City and Community Events fund by crediting the account \$100,000 on August 1 of each year. The fund, established on August 1, 2001, was designed to offset expenses for qualified nonprofit and service organizations under the umbrella of the program. In anticipation of the administration of the account, the Arena Authority developed specific program criteria and has since administered the program under these guidelines.

Since August 1, 2001, the City and Community Events Program has seen less than moderate program activity in which the account has been employed. There are a number of factors that have impacted the limited success of the program, including the inherent challenges nonprofit and service agencies face in implementing a large scale event in HP Pavilion at San Jose as well as limited date access due to San Jose Sharks and other franchise event schedules. As such, the current balance in the account is \$139,330.

ANALYSIS

Understanding the challenges facing nonprofit and service organizations expressing interest in utilizing the program, the Arena Authority's Community Relations Committee convened to review components to the City and Community Events Policy. In doing so, the Authority engaged representatives from the Mayor's office, an area nonprofit organization and HP Pavilion Management. From these discussions, a number of policy recommendations were considered and presented to the Arena Authority Board of Directors for review and consideration. Briefly, the committee determined that adjusting current applicant funding thresholds would be the most practical way to promote the program and more fully utilize the present account fund balance.

On December 4, 2003, the Community Relations Committee presented the following City and Community Events policy amendments to the San Jose Arena Authority Board of Directors:

For fiscal year ending 7/31/2004, it is recommended that 100% of event related costs (not including ancillary expenses and not to exceed \$16,000 per event) be available to fund up to six high school graduation ceremonies in support of San Jose high school programs and activities.

For calendar year ending 12/31/2004, it is recommended that 75% of event related costs (not including ancillary expenses and not to exceed \$30,000 per event) be funded for area nonprofit and service organizations conducting program events at HP Pavilion at San Jose.

The Arena Authority's Community Relations Committee will review this set of criteria during the fall of 2004 to evaluate the components of the program.

- (4) The Arena Authority will continue to explore program funding and operations options in conjunction with HP Pavilion Management.

COORDINATION

As mentioned, over the course of the previous two months, the Arena Authority has convened members of the Authority's Community Relations Committee and representatives from the Mayor's Office, HP Pavilion Management and a representative from a local nonprofit organization to review City and Community Events Policy components. In November, 2003, the Community Relations Committee formulated a series of policy recommendations for consideration by the Arena Authority Board of Directors. On December 4, 2003, the Arena Authority Board of Directors formally approved the committee's recommendation for the policy amendments.

Attached for your review is the City and Community Events Policy document which includes recommendations to address the fund account issues. Please note that the recommended policy changes are identified in the document in *bold italic*.



San Jose Arena Authority

City and Community Events Program HP Pavilion at San Jose Policy Information

Background

The City and Community Events Program, administered to by the San Jose Arena Authority, provides unique opportunities for area nonprofit and service agencies to utilize HP Pavilion at San Jose at special rate packages.

The program, created in 1991, provides access to HP Pavilion at San Jose to qualifying nonprofit and service organizations located within the greater San Jose area. Annually, up to ten (10) City Event dates and an unspecified number of Community Event dates are available through the program. For reference, a *City Event* is characterized as a non-conflicting event date which is co-sponsored by a qualifying organization and the City of San Jose, and entitles the qualifying organization use of HP Pavilion at San Jose free of rental fees. A *Community Event* is characterized as a nonconflicting event date that provides a community organization the opportunity to hold an appropriate event at HP Pavilion at San Jose and includes negotiated program costs and facility rental fees.

Purpose

HP Pavilion at San Jose is a community arena, owned and paid for in part by the citizens of San Jose. The purpose of the City and Community Events Program is to provide for use of HP Pavilion at San Jose for purposes which have been deemed consistent with the City of San Jose's objectives of creating good will for the City, furthering national exposure, generating economic development, and providing assistance to City-sponsored activities in furtherance of general community development.

Program Funding

A City and Community Events Program Fund has been established in an effort to offset applicant costs associated with program administration and event implementation. For qualifying applicants, program funding is available for up to fifty percent (50%) of event-related costs (depending on availability of funds). Both new and returning applicants will be considered for program funding. The level of funding for each applicant will be recommended by the Arena Authority in cooperation with HP Pavilion Management and forwarded to the San Jose City Council for approval.

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Application Procedures

The San Jose Arena Authority administers the City and Community Events Program. City and Community Event applications can be secured by contacting the San Jose Arena Authority at 408-977-4780 or at mdokane@sjaa.com. Once a completed application has been received by the Arena Authority, Authority staff and representatives from HP Pavilion Management will review the application to determine whether the applicant qualifies as a City or Community Event. Subsequent to the determination of the application, Arena Authority staff will contact the applicant.

If an application is deemed to be qualified as a City or Community Event, it will be reviewed by the Arena Authority's Community Relations Committee. Once the type of event (City or Community Event) has been determined by the Community Relations Committee, the application will be forwarded to the San Jose Arena Authority Board of Directors for review and approval. If approved by the San Jose Arena Authority Board of Directors, the application will then be recommended for approval to the San Jose City Council.

If the total number of qualified *City Event* applicants exceeds ten (10) event dates for any one fiscal year beginning July 1 and ending June 30, the Community Relations Committee will determine which applicants are recommended for City Event dates.

All *Community Event* applicants who are determined to be qualified will be referred to HP Pavilion Management to identify and agree on costs associated with the proposed event. *Please note, Community Events include program costs and rental fees.*

Arena Authority staff will facilitate ongoing communication with applicants and HP Pavilion Management to ensure that the scheduling and planning of their event is administered to in a professional and efficient fashion and to minimize conflicts with HP Pavilion Management's existing or anticipated schedule of events. HP Pavilion Management will likewise work closely with the Arena Authority by providing reasonable lead time regarding event scheduling and date(s).

Applicant Event and Insurance Costs

Please be advised that applicant costs for either a City or Community Event will be incurred. With respect to both City and Community Events, the applicant organization must have the financial wherewithal to fund all event-related costs after the program funding level has been determined. Examples of event-related costs include security personnel, ushers, ticket takers, parking attendants, event set up and clean up, audio/visual personnel and other professional and trade services. Additionally, the applicant will be obligated to meet the mandated minimum insurance requirements as determined by HP Pavilion Management.

Scheduling

In consideration of HP Pavilion Management's priority rights respecting certain franchise events and family shows, HP Pavilion Management agrees to use its reasonable best efforts to provide HP Pavilion at San Jose dates for City and Community Events applicants. Typically, City and Community Events can be put on a tentative hold for up to one year prior to the scheduled event date with confirmation being secured 45 days prior to the event date. Due to the nature of events in HP Pavilion at San Jose, summer event scheduling for City and Community Events is encouraged.

Criteria

Organizational use of HP Pavilion at San Jose under this City and Community Events Program will be subject to certain minimum qualifications and conditions of participation, including the following:

- Organizations must be nonprofit, educational or public service in nature.
- Organizations must be locally based.
- Organizations must demonstrate a purpose consistent with the City's civic and community purposes.
- Organizations must be non-discriminatory in membership and participation.
- The requested event must be an event that would not otherwise be solicited and or scheduled by HP Pavilion Management.