



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Jen Baker

SUBJECT: See Below

DATE: October 21, 2025

Approved

Date

10/24/2025

SUBJECT: Team San Jose Semi-Annual Update

REPLACEMENT

REASON FOR REPLACEMENT

Pursuant to recent coordination between Team San Jose and the City Auditor's Office in preparation of the City Auditor's Annual Audit on Team San Jose's performance, **Attachment A**, the *TSJ Semi-Annual Update to CEDC October 27, 2025*, has been replaced to incorporate early feedback on the unaudited performance results. The final City Auditor's Annual Audit will be presented to the Community and Economic Development Committee at its regular meeting on December 15, 2025, prior to being presented to City Council.

RECOMMENDATION

Accept a report on Team San Jose's unaudited performance for Fiscal Year 2024-2025, as well as its annual sales and marketing strategies and activities for Fiscal Year 2025-2026.

BACKGROUND

Team San Jose (TSJ) is an innovative nonprofit organization unifying the San José Convention and Visitors Bureau, hotels, arts, labor, and venues to deliver a high-quality visitor experience. TSJ manages the San Jose McEnery Convention Center, Parkside Hall, and South Hall, as well as theater venues including the California Theatre, Center for the Performing Arts, Montgomery Theater, and the San Jose Civic Auditorium. Per the municipal code, the City provides 4.5% of the collected 10% Transient Occupancy

Tax (TOT) to TSJ to operate the convention and cultural facilities venues and manage the Convention and Visitors Bureau. TOT is collected from visitors to San José hotels.

On June 18, 2024, City Council approved amendments to the two agreements with Team San Jose to manage the City-owned convention center facilities and four theaters and operate as the Convention and Visitors Bureau. Both agreements are in the final year of the five-year term that expires on June 30, 2029.

ANALYSIS

Per the master agreement between the City and TSJ, semi-annual updates on TSJ's performance on Council-approved target measures are presented to the Community and Economic Development Committee. To support a greater understanding of its strategies and activities, TSJ also presents its sales and marketing efforts. The report also includes metrics that, while not part of TSJ's performance, provide insight into industry trends and the local environment. The presentation will focus on TSJ's performance in Fiscal Year (FY) 2024-2025 and performance goals for FY 2025-2026, including major sales and marketing strategies.

FY 2024-2025 Unaudited Performance and FY 2025-2026 Performance Targets

TSJ reports meeting six out of six performance targets in FY 2024-2025. TSJ reports that the San Jose McEnery Convention Center saw significant increases in performance last year compared to the prior year. After exceeding pre-pandemic levels in attendance in FY 2023-2024, theater attendance contracted in FY 2024-2025, falling slightly below pre-pandemic levels, while the number of theater events exceeded pre-pandemic levels. TSJ also saw growth in future room night sales and is ahead of pace in both 2026 and 2027, with 2026's gains being greater than the contracted rooms for the 2026 mega sports events. The City Auditor will present the annual audit of TSJ's performance to the Community and Economic Development Committee and the full City Council by the end of the calendar year.

As outlined in **Attachment A**, the *TSJ Semi-Annual Update to CEDC*, TSJ, and the City collaborated to develop Council-approved performance targets for FY 2025-2026 informed by national industry trends and local indicators, which also inform TSJ's sales and marketing strategies. TSJ has sought diversification of new business for the convention center while maintaining high standards of service to retain current repeat clients. With a strong Broadway San Jose calendar, new sales leadership within the TSJ Theaters Department, and continued growth from resident partners like Opera San Jose, Symphony San Jose, and Children's Musical Theatre San Jose, the theaters are expected to once again exceed pre-pandemic levels in both events and attendance.

FY 2025-2026 Sales and Marketing Activities

Attachment A includes year-to-date sales and marketing strategies and activities, including industry trends, the tourism and travel economy, and TSJ's contribution to the overall hotel economy.

TSJ, operating its Convention and Visitors Bureau as "Visit San Jose," seeks to diversify market segmentation for sales in FY 2025-2026. TSJ will execute a robust customer engagement plan through industry tradeshow and events and continues to build on the recovery of business to the San Jose McEnery Convention Center. The marketing team will continue to utilize advertising technology to target consumers, meeting planners, and convert travel to San José hotels and the airport, while building the target market for the sales team. Likewise, the public relations team has gained exposure for San José as a destination in national and international outlets.

As included in the TSJ master agreement, Visit San Jose is now leading a collaborative marketing group focused on San José marketing to local, regional, and national audiences. The marketing collaborative group had a successful launch in FY 2024-2025 with a "San Jose for the Holidays" campaign and is now focused on maximizing the City's efforts around the mega sports events of 2026 with a collaborative web and email reach of 1.3 million.

TSJ is also enhancing its outreach to the business community to ensure better cohesion in the visitor experience and to maximize local businesses' economic impact from both overnight guests and local/ regional visitors to TSJ-managed facilities Downtown. One strategy employed is the launch of the Bi-Annual Summits for Hospitality (BASH) and the creation of industry pages on the sanjose.org website. The upcoming BASH on November 13, 2025, will focus on the 2026 mega events and helping businesses maximize revenue from these opportunities.

TSJ is also partnering with the Office of Cultural Affairs division of the City Manager's Office of Economic Development and Cultural Affairs to optimize opportunities for destination visitors anticipated in 2026 and estimating the economic impact from major sports events. In partnership with Visit San Jose, the Office of Cultural Affairs is investing \$150,000 in the *Arts Will Play in 2026!* Cultural Tourism Marketing Opportunity. This digital marketing campaign will promote cultural tourism in 2026 through a diverse set of events and programs that uniquely reflect San José's culture. Selected through a competitive proposal process, organizations will receive \$10,000 in digital marketing ad buys plus a customized digital marketing strategy developed in partnership with Visit San Jose. The recipients of the *Arts Will Play in 2026!* Cultural Tourism Marketing Opportunities include: Contemporary Arts Theater Scene (CATS), Cinequest, Fountain Blues Festival Foundation, Friends of Levitt Pavilion, MACLA, Opera San Jose, San Jose Day, San José Museum of Art, San Jose Jazz, School of Arts & Culture at the Mexican Heritage Plaza, Symphony San Jose, and Vietnamese American Roundtable. Funds will also market unique Office of Cultural Affairs-led

events and public art installations planned throughout 2026, featuring CityDance, interactive art+tech projects, and installations featuring local artists' work.

TSJ, in partnership with the Office of Cultural Affairs, is developing the methodology to measure the economic impact of City activations around 2026 major sports events and other large public festivals. The methodology will be comparable to TSJ's method to estimate the economic impact of their convention center and theater activities. Therefore, the City, TSJ, and its partners have a congruent methodology and platform from which to gauge economic efficacy. Both TSJ and the Office of Cultural Affairs are eager to analyze the return on investment, economic impact, and heightened awareness of San José as a destination.

Considerations for Setting TSJ Performance Targets

Attachment B, *Considerations for Setting TSJ Performance Targets*, was created last fiscal year by the City Manager's Budget Office. It contextualizes the variables and considerations in developing annual performance targets for TSJ. The performance targets are presented to the City Council for approval as part of the annual budget process through a Manager's Budget Addendum. For context, TSJ performance targets should represent feasible markers of excellent performance within expected market conditions. Most performance targets impact the allocation of budgetary resources within the Convention and Cultural Affairs Fund to support facility operations. Overly aggressive performance targets would negatively impact the fund if not met. The fund continues to recover from thin margins after the COVID-19 pandemic.

COORDINATION

This memorandum was coordinated with the City Attorney's office.



JJEN BAKER
Director of the City Manager's Office of
Economic Development & Cultural
Affairs

For questions, contact Kerry Adams Hapner, Director of Cultural Affairs, at kerry.adams-hapner@sanjoseca.gov.

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

October 21, 2025

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ATTACHMENTS:

Attachment A: TSJ Semi-Annual Update to CEDC October 27, 2025

Attachment B: Considerations for Setting TSJ Performance Targets