




CITY COUNCIL ACTION REQUEST

Department(s): Office of Economic Development and Cultural Affairs	CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.	Coordination: City Attorney's Office, City Manager's Budget Office, Parks, Recreation and Neighborhood Services, Transportation	Dept. Approval: /s/ Nanci Klein
Council District(s): 3			CMO Approval:  7/31/23

SUBJECT: AMENDMENT TO THE CONSULTANT SERVICES AGREEMENT WITH THE SAN JOSE DOWNTOWN ASSOCIATION

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to negotiate and execute an Amendment to the Agreement for Consultant Services between the City of San José and the San Jose Downtown Association to include marketing, promotional, placemaking, business development and parking-related services increasing consultant compensation from \$332,026 to \$1,330,249.

BASIS FOR RECOMMENDATION:

This recommendation is designed to implement City Council direction and Downtown Transition Committee recommendations by increasing the total compensation for the San Jose Downtown Association (SJDA). On September 18, 2019, the City entered into a consultant services agreement with the SJDA to provide marketing, business retention and expansion, event production, promotional and parking-related services aligned with the City's Downtown priorities for a one-year term with five additional one-year options, through June 2025 (City Council Resolution No. 79154). Total compensation for the 2019-2020 agreement was \$768,000. In Fiscal Year 2022-2023, the City executed the third contract amendment in an amount not to exceed \$977,355. Staff now proposes to exercise the fourth contract amendment with SJDA adjusting the organization's scope of services for 2023-2024 to continue to assist with Downtown's economic recovery, and in line with the FY 2023-2024 Adopted Budget. Maximum compensation for services contained within the FY 2023-2024 agreement is not to exceed \$1,330,249 with \$1,180,249 allocated in an agreed-upon scope of services as outlined in this memorandum and an additional \$150,000 available to expand contract services further at the request of City staff.

While the COVID-19 public health emergency is officially over, Downtown has been much slower to recover than the rest of the City. FY 2023-2024 will be a critical time to ramp up momentum and positively influence Downtown perception and reality. The focus of the services in this contract amendment will be to continue to bolster downtown San Jose's reputation as a desirable destination to do business and to promote the City center as a place to experience the arts, local fare and live music. Through this contract and other leveraged funding sources, SJDA will work with the City and key downtown partners to create new marketing and promotions, strategies, and media assets. Marketing work will include campaigns focused on bringing students into downtown businesses; encouraging arts and entertainment attendees to grab dinner or drinks before/after events; and campaigns to highlight summer/holiday activities and special events. As part of the FY 2023-2024 Adopted Budget, funding is also included to hire a team of grassroots outreach workers to promote events, promotions and available services downtown, augmenting traditional and social-media marketing strategies.

SJDA will continue to play a key role in assisting downtown businesses participating in the City's permanent parklet initiative as well as providing technical and outreach support related to the implementation of a permanent street closure on San Pedro Street. Utilizing funding provided in this agreement, SJDA will increase the frequency of updates to its available downtown ground-floor spaces listing, with pertinent property and contact information on sjdowntown.com. As part of this contract, SJDA will launch a downtown pop-up pilot program to fill six to eight vacant spaces with tenants that could include local makers, emerging local retailers, or other organizations with public-facing active uses, such as retail sales. The goals of the program include activating and bringing more people into underused spaces, supporting local makers, and testing the downtown market for various business concepts. The contract also includes matching funds to support SJDA's

Downtown Lighting Plan that will enhance Downtown's sense of place while increasing perceptions of safety. Finally, the contract includes a safety survey to better inform interventions and measure their effectiveness over time. The agreement also includes \$200,000 in supplemental funding for Downtown Ice or a comparable holiday activation in the Circle of Palms.

The scope of services in this agreement as it pertains to marketing parking is to increase awareness, visibility, convenience, and satisfaction of City parking facilities, increasing both activity (monthly and visitor) and revenue. SJDA implements regular updates and maintenance to the City's ParkSJ.org website, promoting the City's 90-minute free parking program, the contactless components of its parking system, and maintains customized web pages/content for integration with the Parking Access and Revenue Control System at each of the eight downtown garages. SJDA will continue to promote the use of downtown parking facilities to businesses and commercial tenants in support of boosting in-office operations.

Commission Recommendation/Input: No Commission recommendation or input is associated with this action.

COST AND FUNDING SOURCE:

Staff proposes compensation to SJDA to include the following, in an amount not to exceed \$1,330,249:

- a. \$575,249 in the 2023-2024 Adopted Operating Budget* (\$514,109 in the San Jose Downtown Association appropriation in the General Fund (Appropriation 2065), \$51,140 from the Non-Personal/Equipment appropriation in the General Purpose Parking Fund (Appropriation 0512), \$10,000 from the Office of Economic Development and Cultural Affairs Non-Personal/Equipment appropriation in the General Fund (Appropriation 0182))
- b. Up to \$125,000 in the 2023-2024 Adopted Operating Budget* (Non-Personal/Equipment appropriation in the General Purpose Parking Fund (Appropriation 0512)) for reimbursable contract deliverables associated with increased marketing and promotion;
- c. \$17,500 in the 2023-2024 Adopted Capital Budget* (in the Strategic Capital Replacement and Maintenance Needs appropriation (5541) in the Construction and Conveyance Tax Fund: City-Wide Parks Purposes Fund (391) for the Plaza de Cesar Chavez stage canopy; and \$12,500 from the Cultural Grants appropriation (0096) in the Transient Occupancy Tax Fund, also for the Plaza de Cesar Chavez stage canopy.
- d. \$100,000 in the 2023-2024 Adopted Operating Budget* in the Enhanced Downtown Lighting appropriation in the General Fund (Appropriation 227G) for the Downtown Lighting Initiative.
- e. \$350,000 in the 2023-2024 Adopted Operating Budget* in the Storefront Activation Grant Program in the General Fund (Appropriation 201J) for the Vacant Storefront Activation program.
- f. Up to \$100,000 in reimbursable expenses in the Downtown Pedestrian Quality of Life Appropriation in the General Fund (Appropriation 206L). The funds will provide for additional services related to implementing the city's Downtown priorities and objectives around increased safety and enhanced pedestrian experience, activation of vacant storefronts and implementation of the City's public life strategy.
- g. Up to \$50,000 in reimbursable expenses in the Storefront Activation Grant Program in the General Fund (Appropriation 201J) for the Vacant Storefront Activation program. The funds will provide for additional services related to potential additional needs related to supporting retail activation in downtown.

* The 2023-2024 Proposed Operating and Capital Budgets were approved by City Council on June 20, 2023.

FOR QUESTIONS CONTACT: Nathan Donato-Weinstein, Downtown Manager, Office of Economic Development and Cultural Affairs (408) 535-8178.