




CITY COUNCIL ACTION REQUEST

Department(s): OED	CEQA: Not a Project, File No. PP17-003, Agreements/	Coordination: CAO, Budget, PRNS, DOT, OCA	Dept. Approval: /s/ Kim Walesh
Council District(s): 3	Contracts (New or Amended) resulting in no physical changes to the environment.		CMO Approval:  6/19/2020

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 Jose and the San Jose Downtown Association to include marketing, promotional, placemaking, business development and parking-related services with compensation in an amount not to exceed \$659,500 subject to the appropriation of funds by the City Council.

BASIS FOR RECOMMENDATION:

On September 18, 2019, the City entered into a consultant services agreement with the San Jose Downtown Association (SJDA) to provide marketing, business retention and expansion, event production, promotional and parking-related services aligned with the city's Downtown Strategy for a one-year term with four additional one-year options, through June 2025 (City Council resolution #79154). Total compensation for the 2019-2020 agreement was \$768,000.

Staff proposes to exercise the first of four one-year options with SJDA but reduce the organization's scope of services for 2020-2021 as a result of the impact of COVID19. Services eliminated this fiscal year include the production of outdoor summer concerts and the seasonal outdoor ice rink—Music in the Park and Downtown Ice— concession services associated with City Dance and funding for capital improvements to Downtown Ice. The current Live & Local live-music focused initiative will be reimagined to serve a larger number of downtown arts and culture stakeholders.

The focus of the services in this contract amendment will be to build on downtown San Jose's existing brand and launch recovery efforts to drive business into downtown. This will be done through the creation and implementation of marketing and promotional campaigns, as well as the production of events, as appropriate.

SJDA will enhance and modify marketing and promotional campaigns that promote downtown San Jose as a place to experience live music, the arts and local fare. The contract amendment will prescribe the launch of new promotions benefiting arts groups, live music and restaurants similar to the existing Arts/Dining Certificate and sustain a downtown recovery campaign that encompasses downtown for the holidays and downtown for the summer. Contract services will support businesses in downtown's primary commercial neighborhoods—San Pedro, SoFA and the Historic District through marketing, promotions and events. SJDA staff will deepen their partnership with district committees to develop programs aligned with the needs of the area. SJDA's long-standing and extremely successful Dine Downtown Restaurant Week will be expanded into a broader, several month Dine Downtown campaign, encouraging people to eat downtown or from downtown restaurants. Last year's inaugural Downtown Week will be amplified to fit with the new shelter in place orders as part of a Downtown recovery campaign. This will feature smaller events (in-person or virtual) hosted by private sponsorship partners and businesses in collaboration with SJDA's existing marketing and media partners (i.e. print, television, radio). SJDA proposes to host a series of drive-in movies on the rooftop of the Market/San Pedro Garage, partnering with neighborhood restaurants to deliver directly to cars.

SJDA will continue to assist with the City's business retention efforts with a twice-per-month guest blog and curation of the downtown events calendar on sjeconomy.com, as well as close coordination around grand opening ceremonies for new downtown businesses. There will be an increased focus on permitting and technical assistance

for small businesses as recovery and re-opening efforts ramp up and enhanced support services for small businesses effected by COVID19.

SJDA's scope of services will consist of driving new or revised parking programs for both on-street and off-street parking operations as elements of a post-pandemic downtown parking strategy are proposed. This includes developing messaging and conducting outreach and convening community meetings with a variety of key stakeholders. SJDA will continue the promotion of "My Go To Spot" by launching a campaign targeted towards user generated content about people's go to spot in downtown San Jose. SJDA will promote the contactless components of the new parking system and assist in data collection around changes in downtown's business landscape that may impact parking programs. SJDA will promote the use of downtown parking facilities to businesses and commercial tenants, as appropriate, as the landscape of in-office operations begins to normalize.

Downtown Ice is proposed to be replaced with an artistic and interactive lighting and sound activation in Circle of Palms and other activations throughout the winter months, intended to create new holiday memories for San Jose residents and visitors. The Downtown Farmers' Market will remain part of the 2020-2021 scope of services, open through December 18, 2020 and beginning again in May 2021.

Staff anticipates that Plaza de Cesar Chavez will regain its moniker as the central hub of activation and placemaking downtown by Spring or early Summer 2021. The success of events and activations in the park rely on the utilization of a suitable stage canopy. SJDA's scope of services includes management and implementation of the installation of this stage canopy.

SJDA has a proven record of accomplishment marketing and promoting downtown and producing events and in a timely and cost-effective manner, leveraging private sector contributions in every instance. SJDA's baseline funding from the City has remained unchanged at approximately \$320,000 for the past eight years, while personnel and program implementation costs outlined in the City's agreement with SJDA have increased. For 2020-2021, the proposed contract amendment includes a 3% Cost of Living Increase of \$7,500 to cover increased service delivery costs.

Climate Smart San José: The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

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 \$659,500:

- a. \$327,500 in the 2020-2021 Proposed Operating Budget (\$282,500 in the San Jose Downtown Association appropriation in the General Fund (Appropriation 2065) and \$45,000 from the Non-Personal/Equipment appropriation in the General Purpose Parking Fund (Appropriation 0512);
- b. \$125,000 in the 2020-2021 Proposed 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. \$92,000 in the Coronavirus Relief Fund, as part of the Local Assistance allocation, as approved through the Mayor's June Budget Message for Fiscal Year 2020-2021;
- d. \$15,000 in the 2020-2021 Proposed Capital Budget (in the Strategic Capital Replacement and Maintenance Needs appropriation in the Construction and Conveyance Tax Fund: City-Wide Parks Purposes Fund (Appropriation 5541) for the Plaza de Cesar Chavez stage canopy; and
- e. Up to \$100,000 in reimbursable expenses from the Downtown Pedestrian Quality of Life appropriation in the General Fund, funding for this appropriation is recommended to be re-budgeted from 2019-2020 to 2020-2021 as part of Manager's Budget Addendum #32 Recommended Amendments to the 2020-2021 Proposed Operating and Capital Budgets, which is included in the Mayor's June Budget Message for Fiscal Year 2020-2021. 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.

FOR QUESTIONS CONTACT: Blage Zelalich, Downtown Manager, OED (408) 535-8172