


**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Economic Development and Cultural Affairs	<b>CEQA:</b> Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.	<b>Coordination:</b> CAO, CMO – Budget Office, PRNS, DOT	<b>Dept. Approval:</b> /s/ Nanci Klein
<b>Council District(s):</b> 3			<b>CMO Approval:</b> 

**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 (City) and the San José Downtown Association (SJDA) to include marketing, promotional, placemaking, business development, and parking-related services increasing consultant compensation from \$322,355 to an amount not to exceed \$977,355 for services from July 1, 2022 to June 30, 2023.

**BASIS FOR RECOMMENDATION:**

On September 18, 2019, the City entered into a consultant services agreement with 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 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 (FY) 2020-2021, the City executed the first amendment for contract services not to exceed \$659,500. In FY 2021-2022, the City executed the second contract amendment in an amount not to exceed \$857,966. Staff proposes to exercise the third contract amendment with SJDA, adjusting the organization's scope of services for 2022-2023, to continue to assist with downtown's recovery after the devastating impact of COVID-19. Maximum compensation for the FY 23-23 agreement is not to exceed \$977,355 with \$522,355 allocated in an agreed upon scope of services as outlined in this memorandum and \$255,000 available to expand contract services further at the request of City staff.

Sales tax data confirms that downtown businesses have been the slowest in the city to rebound from the effects of the COVID-19 pandemic, remaining approximately 38 percent down from pre-pandemic levels. The focus of the services in this contract amendment will be to reinstate downtown San José's reputation as a desirable destination and to promote the city center as a place to experience the arts, local fare, and live music, focusing on Downtown's distinct districts, their amenities, and businesses. This will be done through the creation and implementation of marketing and promotional campaigns, as well as the production of events. SJDA intends to produce a series of advertisements and videos highlighting dining, arts and culture, nightlife, summer and holiday activations, urban living, and local shopping. Through this contract and other leveraged funding sources, SJDA will build on existing and create new marketing and promotions strategies and assets in response to data driven audience segmentation updates and will leverage member business communications to curate and promote their web, electronic, and social media content in support of recovery. Examples of contract deliverables include the development of summer and holiday promotional campaigns around downtown activity and an expansion of the #DTSJ loves campaign highlighting a variety of downtown business offerings. Working closely with the City's Office of Economic Development's Cultural Affairs staff, SJDA will oversee collateral design and marketing for four City-produced City Dance events in July, August, September, and June 2023, and collateral design and distribution for planned events at the Sonic Runway installation on City Hall Plaza. SJDA will be engaged to utilize its various communications outlets to promote and publicize both City Dance and Sonic Runway.

Specific events in the FY 22-23 agreement are a two-week culinary event, outdoor movies, and farmers' markets as well as a seasonal outdoor ice skating rink or comparable holiday activation in the Circle of Palms. SJDA proposes to host Dine Downtown in July, highlighting downtown's diverse and expansive culinary offerings; Starlight Cinemas, a series of four outdoor movies in Saint James Park over the summer; and Downtown Ice in November, in conjunction with holiday traditions Christmas in the Park and Winter Wonderland. The agreement includes \$200,000 in supplemental funding for Downtown Ice or a comparable holiday activation per the Mayor's March and June Budget Messages for Fiscal Year 2022-2023, as approved by City Council, as included in the 2022-2023 Adopted Operating Budget. The Downtown Farmers' Market is now open on Wednesday evenings in the SoFA District through mid-December 2023 and will begin again in May 2023.

Staff anticipates that Plaza de Cesar Chavez will once again serve as the central hub of activation and placemaking for summer 2022 and spring 2023. 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 annual installation and removal of this stage canopy from May - September.

SJDA will continue to assist with the City's business retention efforts with twice-monthly guest blogs and curation of the downtown events calendar on [sjeconomy.com](http://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 efforts continue and enhanced support services for existing small businesses effected by COVID-19. SJDA will continue to play a key role in the assisting downtown businesses participating in the SJ Al Fresco initiative to transition from temporary outdoor operations to permanent outdoor operations. Utilizing funding provided in this agreement, SJDA maintains an up-to-date map and listing of available downtown ground floor spaces, with pertinent property and contact information on [sjdowntown.com](http://sjdowntown.com).

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 through effective messaging. SJDA manages and implements regular updates and maintenance to the city's [ParkSJ.org](http://ParkSJ.org) website, promoting the City's 90-minute free parking program, the contactless components of its parking system, and develops and maintains customized web pages/content for integration with the Parking Access and Revenue Control System at each of the eight downtown garages. SJDA assists with data collection around changes in downtown's business landscape that may impact parking programs and will continue to promote the use of downtown parking facilities to businesses and commercial tenants, as the landscape of in-office operations continues to normalize.

SJDA has a proven record of generating impactful marketing and promotion for downtown, producing events in a timely and cost-effective manner, facilitating the establishment or expansion of ground floor businesses, and promoting the City's public parking program; also leveraging private sector financial contributions to accomplish these objectives. For 2022-2023, the proposed contract amendment includes a three percent cost of living adjustment to cover increased service delivery costs.

Climate Smart San José: This recommendation 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 \$977,355:

- a. \$534,855 in the 2022-2023 Adopted Operating Budget\* (\$273,182 in the San José Downtown Association appropriation in the General Fund (Appropriation 2065), \$49,173 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), \$200,000 from General Purpose Parking Fund for Downtown Ice, and \$2,500 from the Transient Occupancy Tax Fund);
- b. \$200,000 in American Rescue Plan Fund funding approved in the 2022-2023 Adopted Operating Budget\* in the Small Business Recovery – Downtown Outdoor Activities Marketing Campaign Appropriation (Appropriation 219Q)
- c. Up to \$125,000 in the 2021-2022 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;
- d. \$17,500 in the 2022-2023 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
- e. 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.

\* The 2022-2023 Proposed Operating and Capital Budgets were reviewed and approved by City Council on June 14, 2022 and adopted on June 21, 2022.

**FOR QUESTIONS CONTACT:** Blage Zelalich, Deputy Director Business Development, OEDCA (408) 535-8172