



Memorandum

**TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE**

FROM: Nanci Klein

SUBJECT: SEE BELOW

DATE: March 18, 2024

Approved

Date

3/17/24

SUBJECT: TEAM SAN JOSE SEMI-ANNUAL UPDATE

RECOMMENDATION

Accept a report on Team San Jose's unaudited performance for the first half of FY 23-24 and its sales and marketing activities.

BACKGROUND

Team San Jose (TSJ) is an innovative nonprofit organization unifying the San Jose Convention and Visitors Bureau, hotels, arts, labor, and venues to deliver a high-quality visitor experience. TSJ manages the San José McEnery Convention Center, South Hall, and four City-owned theater venues, including the California Theatre, Center for the Performing Arts, Montgomery Theater, and the San Jose Civic Auditorium. Pursuant to the San José Municipal Code, the City provides 4.5% of the collected 10% Transient Occupancy Tax to TSJ to operate the City-owned convention and cultural facilities venues and manage the San Jose Convention and Visitors Bureau. The Transit Occupancy Tax is collected from visitors to San José hotels.

ANALYSIS

Pursuant to 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 TSJ's strategies and activities, TSJ also presents its sales and marketing activities. Included in the report is a dashboard of metrics that, while not part of TSJ's performance, provides insight into industry trends and the local environment. The presentation will focus on TSJ's performance in the first half of FY 23-24 and its major work plan activities.

Unaudited FY 23-24 Performance Metrics

Each year, the recommended performance targets are presented to the City Council for approval as a Manager's Budget Addendum as part of the Proposed Operating Budget. As outlined in the attachment, TSJ and the City collaborated to develop post-pandemic performance targets for FY 23-24 informed by national industry trends and local indicators, which also inform the development of TSJ's sales and marketing strategies. While unaudited, TSJ reports exceeding four of six performance targets in the first half of FY 23-24.

While convention center events resumed in August 2021, TSJ continues to rebuild and diversify its lines of convention business. Estimated direct visitor spending is strong at \$28,854,392. gross operating revenues, gross operating results, and customer satisfaction continue to be strong. TSJ also collaborates with the local hotel community for consensus on the approach to convention group sizes to generate future hotel room night bookings. Theater activity continues to rebuild with a strong theater occupancy of 95%, slightly below its goal of 96% in the first half of the fiscal year.

Performance, Sales, and Marketing Activities

In addition to the performance metrics, TSJ will present to the Community and Economic Development Committee, highlights of its marketing activities for FY 23-24, including industry trends as outlined in the attachment. All the strategies are research-driven with the goal of meeting the Council-approved performance goals.

City-TSJ Agreement

At the end of FY 23-24, TSJ will have completed the second five-year term of its convention and cultural facility management agreement with the City, and there is one five-year term remaining. TSJ and the Administration are in discussions to make some contractual amendments for the City Council's consideration before the end of the fiscal year.

COORDINATION

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

/s/

NANCI KLEIN

Director of Economic Development and
Cultural Affairs

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

Attachment: CEDC TSJ Semi-Annual Report