



COUNCIL AGENDA: 6/25/19

FILE: 19-521

ITEM: 2.12

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: June 6, 2019

Approved

Date

6-12-19

**SUBJECT: ACTIONS RELATED TO THE AGREEMENT WITH SAN JOSE SPORTS
AUTHORITY FOR SAN JOSE EVENTS**

RECOMMENDATION

Adopt a resolution authorizing the City Manager to:

- a) Negotiate and execute an Agreement with the San José Sports Authority to promote San José as a location for high profile sporting events and recruit state, national and international events for the period of July 1, 2019 through June 30, 2020 for an amount not to exceed \$741,896;
- b) Negotiate and execute subsequent amendments to the Agreement to revise the scope of services, subject to the appropriation of funds; and
- c) Execute up to five additional one-year options to extend the Agreement through June 30, 2025 to provide ongoing operational support for an estimated annual Option Year cost of \$403,652 in Year 1, \$415,761 in Year 2, \$428,233 in Year 3, \$441,080 in Year 4, and \$454,312 in Year 5, subject to the appropriation of funds.

OUTCOME

Approval by City Council will result in the execution of an agreement with the San José Sports Authority to continue to promote San José as a location for high profile, marquee sporting events and to develop and support local sporting events and organizations through June 30, 2020, with options to extend through June 30, 2025.

BACKGROUND

The San José Sports Authority is a nonprofit corporation formed in 1991 to promote San José as a location for high profile, marquee state, national and international sporting events and to develop and support existing sporting events and organizations in San José and the Bay Area. Under contract with the City, the Sports Authority engages in the following activities:

- Contacts national governing bodies, institutions and professional organizations, sports promotion and domestic and international sports organizations to solicit high profile sporting events for San José;
- Solicits funds through fund raising activities to support the organization and to underwrite and promote events;
- Provides information to residents and local businesses on sports activities and events taking place in the community;
- Markets San José as a premier host city for sporting events;
- Coordinates Sports Authority-sponsored or sanctioned events with relevant City departments; and
- Facilitates opportunities to connect residents, local businesses, and organizations with high-profile sporting events.

Examples of events the San José Sports Authority was instrumental in bringing to San José over the past five years include the College Football Playoff National Championship (2019), NHL All-Star Game ('19), NCAA Division I Men's Basketball Championships ('17,'19), NCAA Women's College Cup ('16,'19), Premier Lacrosse League ('19), Kerri Walsh-Jenning's p1440 Beach Volleyball ('19), US Figure Skating National Championship ('18), Major League Soccer All-Star Game ('16), WTA Mubadala Silicon Valley Classic ('18-'22), Rock & Roll Half Marathon (annually), Silicon Valley Sevens International Rugby Tournament ('18), USA Water Polo Junior Olympics ('15-'18), USA Men's National Team World Cup Qualifier ('18), Wrestlemania ('15), Amgen Tour of California (annually), Roger Federer Charity Tennis Match ('18), CONCACAF Gold Cup ('17), Copa Centenario ('16), Super Bowl 50 ('16), U.S. Gymnastics Olympic Team Trials ('16), and USA Judo ('16,'18)

Over the course of the prior agreement (2014-2019), major, spectator and participatory sporting events secured by the organization resulted in more than \$150M in direct visitor/event spending in the City of San José.

ANALYSIS

The proposed new agreement is a continuation of the scope of work of prior agreements with the Sports Authority. Under the terms of this agreement, the organization will continue to promote San José as a site for high profile state, national and international sporting events as well as support existing events and organizations. The key elements of the new Agreement are as follows:

Term

The term of the agreement is from July 1, 2019 until June 30, 2020, with the ability to execute five additional one-year options, extending the agreement through June 30, 2025.

The Agreement requires the San José Sports Authority to:

- Continue to serve as the City's primary outside organization for contacting national governing bodies, institutions and professional organizations, sports promotion and domestic and international sports organizations, to solicit high-profile sporting events for San José.
- Solicit funds through fund raising activities to support the organization and to underwrite events.
- Inform residents and local businesses of sport activities taking place in the community, answer verbal and written sports-related requests, create a more positive attitude among residents toward sporting events, and in general serve as a coordinating agency with other sports and community service groups that would benefit from involvement in sports.
- Keep abreast of new marketing trends in sports entertainment which will improve San José's position as a host city.
- Explore local, regional, national, and international publications for publicity opportunities describing San José and the surrounding area as a sporting event venue.
- Maintain current active membership in national and state event and sports associations.
- Design, purchase, provide and distribute marketing collateral and other promotional literature and materials as may be necessary to effectuate and implement promotion of the City, including a professional website and social media presence.
- Coordinate Sports Authority sponsored or sanctioned events and maintain a close working relationship with the City's Office of Economic Development, Office of Cultural Affairs, Parks Recreation and Neighborhood Services Department and other relevant City offices and departments, and operators of City-owned facilities such as Team San José.
- Raise additional funds to support the organization's operations by securing grants and hosting a variety of fundraising events.

City Participation

The Sports Authority Board shall include the City Manager or designee, and two other members appointed by the Mayor. City representatives need not be members of the Executive Committee of the Board, however currently one City representative does sit on the organization's Executive Committee.

This Agreement will maintain the provision that allows the City to determine which national and international special events will meet the criteria as a City-produced event, allowing the Sports Authority to be charged the same rates for City event services as if the event were a City event and allowing the organization to reserve parks, paseos, plazas, or other outdoor space up to two years in advance. There has been no impact to the General Fund because of this provision in past years.

The City and SJSA have agreed to the following measurements:

- During the agreement period, 2019-2025, bid, attract, support or host four (4) major spectator sporting events. A major sporting event is one that is defined as having an economic impact of a minimum of \$3.5 million and is broadcast on national television.
- During 2019-2025, bid, attract, support or host four (4) spectator sporting events with economic impact minimum of \$250,000.
- During 2019-2025, bid, attract, support or host five (5) participatory events with a minimum economic impact of \$500,000.
- Oversee and manage the REACH Youth Scholarship Program, a college scholarship for local high school seniors who have overcome adversity through participation in sports.
- Continue management of all aspects of the San José Sports Hall of Fame and Hall of Fame Induction Ceremony, attracting 500-600 guests and serving as an annual fundraiser for the organization.

A new provision in this Agreement will be the submission of electronic bi-annual reports to the City on Sports Authority operations and activities in the preceding six months.

EVALUATION AND FOLLOW-UP

Staff from the Office of Economic Development will evaluate the Agreement and San José Sports Authority performance over the next year to develop recommendations for any adjustments to the scope of services in the Year 1 option under this Agreement. Staff will continue to monitor the performance measures and goals and update the Community and Economic Development Committee as appropriate. The Sports Authority's bi-annual reports will be available through the Office of Economic Development.

HONORABLE MAYOR AND CITY COUNCIL

June 6, 2019

Subject: Actions Related to the Agreement with San José Sports Authority for San José Events

Page 5

Staff will seek City Council approval for any one-time funding to the Sports Authority, over and above the Authority's base-funding, through the annual budget process, as appropriate.

PUBLIC OUTREACH

The memorandum will be posted on the City's website for the June 25, 2019 City Council agenda.

COORDINATION

This memorandum has been coordinated with the San José Sports Authority, the City Manager's Budget Office, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation is associated with this action.

BUDGET REFERENCE

The table below identifies the sources proposed to fund the agreement recommended in this memorandum.

Fund #	Appn #	Appn. Name	Current Total Appn	Rec. Budget Action	2019-2020 Proposed Budget (Page)*	Last Budget Action (Date, Ord. No.)
001	2181	San José Sports Authority	\$391,896	\$350,000	IX-11	N/A
TOTAL FUNDING FOR 2019-2020:			\$741,896			

*Council adopted the 2019-2020 Annual Budget on June 18, 2019.

HONORABLE MAYOR AND CITY COUNCIL

June 6, 2019

Subject: Actions Related to the Agreement with San José Sports Authority for San José Events

Page 6

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/

KIM WALESH

Deputy City Manager

Director of Economic Development

For questions please contact Blage Zelalich, Downtown Manager at (408) 535-8172