



Memorandum

**TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE**

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: September 13, 2019

Approved /s/
Kim Walesh

Date

SUBJECT: TEAM SAN JOSE UPDATE

RECOMMENDATION

It is recommended that the Committee accept a report on Team San Jose's a) Performance Measures for Fiscal Year 2018 – 2019, and b) its Annual Sales and Marketing Plan for FY 2019 – 2020.

BACKGROUND

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

ANALYSIS

Per the master agreement between the City and TSJ, semi-annual updates on TSJ's performance on Council-approved target measures are presented to the Committee. To support a greater understanding of TSJ's strategies and activities, TSJ also presents an Annual Sales and Marketing Plan to the Committee. Included in the report is a dashboard of metrics that, while not part of TSJ's performance, provide insight into industry and local trends. The presentation will focus on TSJ's major goals and the major workplan activities to meet them.

As outlined in Attachment A, the performance measures report includes TSJ's unaudited year-end results for FY 2018 – 2019. Each year, the City Auditor reviews the final reported metrics as part of an annual report to the full Council at the end of the calendar year.

TSJ reports an outstanding performance for FY 2018 – 2019. It has exceeded all performance targets due to a strong economy combined with excellent sales and the attraction of significant events including the Apple, Facebook, Google, and TwitchCon. TSJ has achieved its Council-approved targets in the areas of: Estimated Visitor Spending, Future Hotel Room Nights Booked (Citywide), Customer Satisfaction, Theater Occupied Days, Gross Operating Revenue and Gross Operating Results.

Annually, TSJ presents to the Committee highlights of its sales and marketing activities, including industry trends as outlined in Attachment B. TSJ, operating as “Visit San Jose,” seeks to increase visitation to San Jose through: convention and event sales; marketing programs directed at convention attendees and “Bleisure and Leisure” travelers; public relations strategies; and initiatives to increase attendance to TSJ-managed theaters. All of the strategies are research-driven with the goal of meeting the Council-approved performance goals for FY 2019 – 2020.

On December 18, 2018, the City entered into an Agreement with TSJ to serve as the merchandise representative for the products with the OED-developed “San Jose” and related marks. The Agreement requires TSJ to make retail merchandise available for purchase online and in TSJ-managed facilities, and to serve as wholesale distributor to local retailers and institutions throughout the city, including the Airport. The Agreement requires/encourages Team San Jose to enter into a partnership with one or more local small businesses to ensure distribution through small-scale local retailers and at festivals/events. TSJ is allowed to retain the portion of net revenue from merchandise sales to re-invest in destination marketing. The Agreement requires TSJ to provide a report detailing sales activity and net proceeds on a quarterly basis. As part of its CEDC update, TSJ will also report out on this partnership.

TSJ will be expanding upon the attached presentations at the Committee meeting.

COORDINATION

This memo was coordinated with TSJ, the City Manager’s Budget Office, and the City Attorney’s Office.

/s/

KIM WALES
Director of Economic Development
Deputy City Manager

For questions, contact Kerry Adams Hapner, Director of Cultural Affairs, at (408) 793-4333.

Attachment A: TSJ Performance Metrics for FY 2018 – 2019

Attachment B: TSJ Annual Sales and Marketing Plan for FY 2019 – 2020