



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Nanci Klein

SUBJECT: SEE BELOW

DATE: September 20, 2021

Approved

Date

9/20/2021

SUBJECT: TEAM SAN JOSE SEMI-ANNUAL UPDATE

RECOMMENDATION

Accept the report on Team San José's a) Performance Measures for Fiscal Year 2020-2021, b) Performance Measures for Fiscal Year 2021-2022, and c) Annual Sales and Marketing Plan for Fiscal Year 2021-2022.

BACKGROUND

Team San José (TSJ) is an innovative nonprofit organization unifying the San José Convention and Visitors Bureau (CVB), hotels, arts, labor, and venues to deliver a high-quality visitor experience. TSJ manages the San José 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 José Civic. Pursuant to 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 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 (CED) Committee. To support a greater understanding of TSJ's strategies and activities, TSJ also presents its sales and marketing activities to the CED Committee. Included in the report is a dashboard of metrics that, while not part of TSJ's performance, provide insight into industry trends and the local environment. The report includes TSJ's major goals and the major work plan activities to meet them.

COVID-19 Impacts and Response

The COVID-19 pandemic caused severe impacts to the travel and hospitality industry throughout Fiscal Year (FY) 2020-2021. Due to the very necessary mitigation tactics employed by the State and County, TSJ's managed venues were prohibited from hosting events and were effectively shuttered for the entire fiscal year. Likewise, for most of the first three quarters of the fiscal year, Santa Clara County had severe restrictions on non-essential travel into the county – thereby limiting opportunities for Visit San José to market San José to travelers. In light of these challenging times, TSJ pivoted to provide as much assistance as possible to the community and local businesses. In partnership with the City, two facilities were transitioned into shelter space for San José's unhoused residents. TSJ also contracted with the City to provide meals to the homeless shelters both in TSJ-managed facilities and elsewhere. Through the end of July 2021, TSJ prepared 980,000 meals. The meal program also provided 37,000 hours of work for union employees, which assisted in recovering a fraction of the hours lost by 15 months' worth of canceled events. The marketing team at Visit San José also pivoted to focus efforts on connecting locals with local businesses through the #SanJoseLove page which highlights messages of community support and also shop local promotions. In addition, the team assisted in securing hotel rooms and support during the wildfires that struck the area in August/September 2020. With the resumption of non-essential travel to the area in March, the marketing team launched a leisure campaign focused on high-intent travelers to the region.

Unaudited FY 2020-2021 Performance Metrics and FY 2021-2022 Performance Metrics

As outlined in Attachment A, the performance measures report includes TSJ's unaudited results for FY 2020-2021. Each year, the City Auditor reviews the final reported metrics as part of an annual report to the City Council at the end of the calendar year. As outlined in the attachment, TSJ's performance was significantly impacted by COVID-19 and the cancellation of convention and theater business due to the public health risk and County health orders. When FY 2020-2021 metrics were developed, the continued length of the pandemic and restrictions on gatherings and travel were not expected. Therefore, by fiscal year-end, TSJ did not meet its performance goals due to a lack of convention and cultural facility business because of public health requirements.

As outlined in the attachment, TSJ and the City collaborated to develop performance targets for FY 2021-2022 informed by national industry trends and local indicators which also informed the development of TSJ's sales and marketing strategies. Convention Center events resumed in August 2021. The emergence of the COVID-19 Delta variant and necessary mitigations such as the City's vaccination mandate for City-owned facilities may impact attendance for events or alternatively increase consumer confidence. It is unknown what lingering effects COVID-19 will have on attendee and conference organizer behavior in planning and attending large-scale conference events. Yet, there are many anticipated bright spots. The popular *Beyond Van Gogh: The Immersive Experience* opens at the Convention Center in September 2021, which will draw consistent downtown visitors. For theater usage, there is a steady demand building through the year with the potential in three of the four theaters to return to normal event volume by the end

of the fiscal year. For example, in October, Broadway San José will present the internationally acclaimed production of *Hamilton*, which is generating strong market interest. Customer satisfaction is one area where TSJ consistently meets its performance targets as it continues to deliver excellent service regardless of event volume or size.

FY 2021-2022 Sales and Marketing

In addition to the performance metrics, the TSJ highlights of its sales and marketing activities, including industry trends are outlined in Attachment A. TSJ, operating as “Visit San José,” seeks to diversify its market segmentation for sales with a greater emphasis on high tech, association, and weekend business over large conference business. Among the key marketing strategies is a continued emphasis on leisure travel targeting short-term and weekend visitors. All of the strategies are research-driven with the goal of meeting the Council-approved performance goals.

/s/

NANCI KLEIN

Director, Office of Economic Development
and Cultural Affairs

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

Attachment

Attachment A: Team San José CEDC Update