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City Manager's Office

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** KIM WALESH

**SUBJECT:** OUTDOOR SPECIAL  
EVENTS UPDATE

**DATE:** February 17, 2011

Approved

Date

2/17/11

## INFORMATION

Outdoor special events have long been an important part of community life in San Jose. Cultural events, sporting events, and neighborhood events like farmer's markets are among the more than 350 outdoor events that happen citywide each year. In addition to important community-building impacts, several of the largest events generate significant revenue for the City through Transient Occupancy Tax, sales tax, and parking revenues.

The general model for outdoor special events in San Jose is one of "private initiative, public facilitation".

- a) Private event production - An independent organization (typically a nonprofit) takes responsibility for producing and financing the outdoor special event.
- b) Public authorization and coordination - The City's Events Director in OED/Cultural Affairs and her two staff help event producers navigate City requirements for permits, City services, and community notification to safely hold their event on public property, chiefly streets and parks. Depending on the nature of the event, this involves interdepartmental coordination with Transportation, Fire, General Services, Police, and Parks, Recreation and Neighborhood Services (PRNS).

On a limited basis, the City has also served in the role as "producer" of events (e.g., PRNS producing Christmas in the Park and the Holiday Parade) and has incentivized the attraction of new national events (e.g., OED/OCA attracting the Amgen Tour of California). However, as PRNS and OED/Cultural Affairs were downsized, the positions that allowed the City to serve as the producer of events were eliminated.

Since FY 2009-2010, the Event Services staff in OED/Cultural has been reduced by 40%, or two FTEs. The FY 2010-2011 Operating Budget eliminated the four-person Marketing and Special Events Unit in PRNS, which was responsible for the production of Christmas in the Park and the San Jose Holiday Parade. This downsizing has accelerated a move toward "private initiative, public facilitation" for the production and funding of Christmas in the Park, the Holiday Parade,

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and the Amgen Tour of California. The remainder of this memo serves as an update on the status of these efforts.

## CHRISTMAS IN THE PARK

Christmas in the Park, a 35-day event with a 31-year history in the community, was identified as high priority for transition planning because of its significant community and economic benefits. With an estimated \$13.3 million in total visitor spending, the event generates critical economic activity for the restaurants, museums and attractions in the core downtown area during the Thanksgiving to New Year's period. The estimated new incremental tax impact to the City is \$665,000.

The City has had a long partnership with the Christmas in the Park nonprofit organization (CITP), an all-volunteer organization. Council direction to transition the event production to a community-based partner led to negotiations with the CITP board to take on the production responsibilities. This will require CITP to transition to an effective fundraising board with professional staff. Two to three years is estimated for the board to successfully make this transition.

Since December 2010, the CITP board has been successful in its communications strategy to inform the community of the impending changes to the event and the need for an additional \$200,000 in new support to hold the event in 2011. Media stories were picked up extensively and a new campaign of "Keep The Lights Burning" asked the community to donate at least \$1 dollar for every person visiting the park. Although this was a small request, it was also a significant boost to the program as the community donated nearly \$40,000--almost five times the amount in previous years.

To meet its goal, the CITP board has proposed new sponsorships and is actively seeking multi-year supporters to generate new revenue streams that will lead to future sustainability. Concurrently, the board has undertaken new organizational development initiatives. A new strategic business plan, marketing plan and board development plan are in final development. To develop new revenue streams, CITP is also cultivating new partnerships with several community and business organizations such as the San Jose Rotary Club, San Jose Downtown Association, Giant Creative Services and the Chamber of Commerce.

The CITP board recently approved a Letter of Intent (LOI) with the City to partner for the 2011 event. The LOI outlines both CITP and City responsibilities. If CITP meets specific organizational development and fundraising milestones, the City will provide in-kind services, including Plaza de Cesar Chavez park use and warehouse space for exhibit storage. To date, CITP is on target to meet the specific milestones identified for the first quarter of 2011. If the board cannot meet production milestones for the 2011 event, the City could initiate contingency plans which may include requesting an outside promoter to produce a holiday event in 2011 drawing on the same in-kind services offered to the CITP board.

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## SAN JOSE HOLIDAY PARADE

Unlike the Christmas in the Park event, there is no nonprofit partner that has been involved with the City historically in the production of the Holiday Parade. A Request for Information (RFI) has been developed and will soon be issued to assess interest from outside organizations to produce a holiday parade in 2011. The process for potential producers to respond to the RFI will close in March. At that time, the City will have further information on potential interest in producing a holiday parade in San Jose.

## AMGEN TOUR OF CALIFORNIA

In the 2004-2009 period, the City and the San Jose Sports Authority implemented a plan to bring nationally significant sporting events that generate economic impact and national visibility to San Jose (part of the San Jose Economic Strategy adopted in 2003). Examples included the Rock n Roll Half Marathon and the Amgen Tour of California. Although public subsidy is required to compete successfully for national events like these, the intent was for public subsidy to diminish over time.

The Amgen Tour of California is being transitioned to a public-private funding model for the May 2011 event, where San Jose will host a Stage Finish on May 18. The City will fund \$36,000 in costs from funds remaining in the Sports Opportunity Fund (General Fund), established to attract national sporting events that generate economic impact. An additional \$94,000 is coming from Gift Trust Funds previously raised by City staff through corporate sponsorships. Additionally, the City is entering into a partnership with the Silicon Valley Leadership Group to raise up to \$100,000 to cover any additional costs.

## CONCLUSION

In this time of contracting fiscal resources, the "private initiative, public facilitation" model will be used for event production and attraction. This will require increasingly strong relationships with our business community, new models of revenue generation by event producers, and retention of a small core City staff to enable event authorization and coordination for 350+ events annually.

/s/

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If there are questions related to special events,  
please contact Director of Cultural Affairs Kerry Adams Hapner at 408.793.4333.