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City Manager's Office
Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire
Lee Wilcox

SUBJECT: TEAM SAN JOSE
2012-2013 BUDGET

DATE: July 15, 2013

Approved

Date

7/16/13

INFORMATION

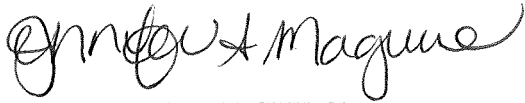
As with previous updates to the Mayor and City Council, Team San Jose's performance results continue to outperform the budgeted revenue projections for 2012-2013. Improved results are due to Team San Jose's sales efforts to secure short-term business, Team San Jose's customer service and client mitigation efforts to keep business while the Convention Center is under construction, and better than anticipated event results due to an improved economy.

At its meeting on June 18, 2013, the City Council approved a third 2012-2013 adjustment in the Convention and Cultural Affairs Fund to both the estimated revenues and expenditures related to Team San Jose's management of the Convention Center and other cultural facilities. Even with this adjustment, however, activity at these facilities continued to increase above expectations. The higher levels of activity toward the end of June necessitated expenditures that were above the existing appropriation by approximately \$1.5 million in order to operate the facility and provide food and beverage service for events. It should be noted that Team San Jose notified the City of the overage prior to the end of the fiscal year and that the overage is offset by a corresponding revenue increase.

The expenditure increase has temporarily been paid using 2013-2014 funds. The Administration will recommend these payments to be shifted into 2012-2013 as part of the ratification process in September whereby City Council approval will be requested for a small number of appropriation increases necessitated because final 2012-2013 expenditure totals exceeded final modified appropriation levels.

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We thank Team San Jose for their increased performance results, generating increased revenue, more tax revenue, and increased visitors and visitors' spending. These results drive a positive impact on Downtown and help support San Jose's local economy. This increased activity level will be taken into consideration for any potential future modification to Team San Jose's budget in 2013-2014.



JENNIFER A. MAGUIRE
Budget Director

/s/

LEE WILCOX
Assistant to the City Manager

For questions please contact Lee Wilcox, Assistant to the City Manager, at (408) 535-8172.