



Memorandum

TO: CITY COUNCIL

FROM: Mayor Matt Mahan
Councilmember David Cohen
Councilmember Dev Davis
Councilmember Pam Foley

SUBJECT: SEE BELOW

DATE: 06/14/2024

APPROVED

Date: 06/14/2024

SUBJECT: AMENDMENT TO THE AGREEMENT WITH TEAM SAN JOSE

RECOMMENDATION

Approve the Team San José (TSJ) Contract Extension and:

1. Direct the City Attorney to research and return to the Council in Closed Session before March 2025 with a full range of options to amend the agreement prior to the conclusion of the five-year term.
2. Direct the City Manager to:
 1. Research and analyze how TSJ's performance metrics compare to other cities with similar venues and how they align with our current desired outcomes for economic development and downtown vibrancy.
 2. Assess the feasibility of marketing San José more effectively to diverse audiences, including local, regional, statewide, and national markets.
 3. Conduct a Request for Information (RFI) within the next three years to better inform a future Request for Proposal (RFP).
 4. Using industry knowledge captured from the RFI, release an RFP at least 18 months before the final 5-year option with TSJ expires—ensuring the process is

competitive and potential bidders can bid on subsections of operations separately, such as theater operations, Convention and Visitors Bureau, and convention operations and management.

3. Direct the City Manager to create a 2026 working group that includes Team San Jose, the Office of Economic Development and Cultural Affairs, and other arts, business, community, and labor stakeholders, as well as the Mayor's office, District 3 Council Office, and District 6 Council Office.

BACKGROUND

Team San José (TSJ) was established in 2004 as the City of San José's marketing and event venue operations arm. They've been tasked with promoting the city as a premier destination for conventions and events. The organization manages several key venues, including the San José McEnergy Convention Center and local theaters.

We recommend the City Attorney research and present options for amending our agreement with TSJ to the Council in Closed Session. We remain unconvinced that the modifications in this agreement will achieve our desired outcomes. As San José continues to recover, it's crucial to elevate our tourism industry by demanding the best from Team San José and remaining optimistic about achieving our desired outcomes.

Now, more than ever, we need enhanced coordination between TSJ and our numerous partners. TSJ has agreed to further leverage partner organizations like the San José Downtown Association, San José Chamber of Commerce, Office of Cultural Affairs, San José Airport, the San José Sports Authority, and others to host meaningful events and market the city more successfully to external audiences.

As we look towards 2026, San José expects a massive economic boost from Super Bowl 60, March Madness, and the FIFA World Cup. According to the Bay Area Host Committee's Economic Impact Report, Super Bowl 60 and the FIFA World Cup are projected to generate over half a billion dollars in economic impact for Santa Clara County alone. With the City's, other stakeholders, and TSJ's support we aim to ensure every sports enthusiast in 2026 knows to fly, play, and stay in San José.

Considering this is TSJ's last remaining 5-year option, we should start laying the groundwork for a RFI that can garner valuable information from the broader convention and visitor bureau community and other stakeholders. An RFI will help us discover new opportunities and innovations that can shape project scope, program structure, and vendor expectations in the RFP design. Proceeding with an RFI in year three will allow enough time to gather relevant information and move forward with a strategic RFP before TSJ's contract expires.

Staff should consider finding answers to the following questions through the RFI process:

1. Can another entity help lower the overall cost for convention center and theater event planners to contract with San José venues?
2. Is there increased interest and value in separating the operating and management contracts for just some or all the four city-owned theater venues?

3. Does another entity have a unique strategy for increasing Transient Occupancy Tax revenues?
4. Can another entity more effectively enhance marketing efforts for the City of San José, with the primary goal of establishing its world-class facilities on the global stage?
5. How might other entities effectively communicate to the local business community about vending opportunities or an expected increase in business demand during major events?

Further, we should consider refining or significantly altering the weighted metrics we use to evaluate Team San José, including outcomes related to marketing, hotel tax revenues, and venue operations. The current metrics were last modified in 2017 with different outcomes in mind that may no longer reflect our goals of showcasing San José locally, nationally, and internationally.

Our recommendations seek to thoroughly explore if and how we can improve our partnership with TSJ and identify which entity can take San José venue operations and destination marketing to the next level. While Team San José continues to offer valuable assistance, we anticipate gaining more clarity following the completion of the City Attorney's research and after the RFI and RFP processes conclude.