

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Edward K. Shikada

**SUBJECT: HP PAVILION AT SAN JOSE  
CAPITAL BUDGET  
RECOMMENDATION**

**DATE:** May 11, 2011

Approved



Date

5/18/11

## RECOMMENDATION

It is recommended that the City Council approve the HP Pavilion at San Jose 2011-2012 Capital Budget as submitted by the San Jose Arena Authority Board of Directors.

## BACKGROUND

In accordance with the agreement between the City and HP Pavilion Management (Silicon Valley Sports and Entertainment), the Capital Repairs and Replacements budget is presented to the City Council for approval. The budget is supported by the existing Arena Capital Reserve Fund that was established for this purpose. Over the last several years (and continuing in future years) both the City and Silicon Valley Sports and Entertainment (SVSE) have made contributions to the Arena Capital Reserve Fund per the terms of the management agreement.

## ANALYSIS

The San Jose Arena Authority Board of Directors reviewed and recommends that the City Council approve the 2011-2012 Capital Budget. A list of the individual capital improvements recommended is attached for reference. For 2011-2012, the normal capital repairs and replacements budget totals \$1,165,000.

The Arena Capital Reserve Fund has sufficient funding to support the normal capital repairs and replacements proposed for 2011-2012. After these costs are taken into consideration and with conservative revenue and expenditure projections, the remaining balance in this fund at the end of 2011-2012 is projected to be slightly over \$1,000,000.

## COORDINATION

Staff from the San Jose Arena Authority, SVSE, and the City have coordinated to present this budget as part of the City's annual budget process.



EDWARD K. SHIKADA  
Assistant City Manager

**HP PAVILION AT SAN JOSE**  
**Capital Budget Recommendations for 2011-2012**

<u>Normal Capital Repair/Replacement</u>	<u>Proposed Budget</u>
Replace fixed seating in lower and upper bowl areas	\$ 450,000
Replace dasher board system and glass	250,000
Replace food service areas flooring, ceiling, walls and equipment	150,000
LEED - Green Initiative - updating systems and procedures for certification	50,000
Repair brine chiller compressor	50,000
Unanticipated capital repairs	50,000
Replace safety netting	40,000
Replace freight elevator components	35,000
Replace domestic water boilers	25,000
Replace security cameras and install additional cameras	25,000
Replace amplifiers	20,000
Add additional bracing to sprinkler system	<u>20,000</u>
<b>Total 2011-2012 Proposed Capital Budget</b>	<b>\$ 1,165,000</b>