



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: May 10, 2012

Approved

Date

5/10/12

SUBJECT: TEAM SAN JOSE 2012-2013 PERFORMANCE MEASURES

RECOMMENDATION

It is recommended that City Council consideration of Team San Jose performance measures for 2012-2013 be deferred to no later than the August 14, 2012 City Council meeting to allow the City Administration and Team San Jose to quantify and account for the impact of reduced performance days at the cultural facilities.

BACKGROUND

In January of 2009, the City of San Jose and Team San Jose (TSJ), which manages the City's Cultural Facilities, entered into a new five year agreement through June 30 2014, with two additional three year options for management of the convention center and cultural facilities. (Management Agreement). Subsequently, the City and TSJ entered into an addendum to the contract in January 2011.

The new agreement requires TSJ to submit its annual targets for the following performance measures to be weighted as follows: Economic Impact Measures 40%, Gross Operating Profit 40%, Theater Performance 10%, and Customer Service Survey Results 10%. In addition, the level of Incentive Management Fee (Incentive Fee) is set each fiscal year based on TSJ's achievement of separate, but related incentive fee measures.

ANALYSIS

The purpose of the performance measures is to provide a quantifiable way of evaluating TSJ's management of the convention and cultural facilities. The purpose of the incentive fee measures is to provide a quantifiable way of calculating the actual Incentive Fee earned by TSJ, and paid from the Convention and Cultural Affairs Fund. In recent years the performance measures for TSJ have been brought forward through the Manager's Budget Addendum (MBA) process and ultimately approved as part of the Mayor's June Budget Message.

HONORABLE MAYOR AND CITY COUNCIL

May 10, 2012

Subject: Recommendations for the 2012-2013 Team San Jose Performance Measures

Page 2

In April 2012, a number of cultural non-profits notified TSJ that they intend to modify their schedules in the cultural facilities that TSJ manages, including the Civic Auditorium, California Center for Performing Arts and California Theater. Theater Performance also helps set performance measures related to economic impact and gross operating profit. Because the schedule for theater performance days by the cultural non-profits will not be finalized in time for the MBA process, the Administration is recommending deferring the Team San Jose 2012-2013 Performance Measure until August 2012, when they will come to the City Council for approval.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Department of Finance and Team San Jose.

/s/

KIM WALESH
Director of Economic Development
Chief Strategist

For questions please contact Lee Wilcox, Downtown Manager, at (408) 535-8172.