

# City of San Jose Office of Economic Development

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## REQUEST FOR PROPOSALS

### Economic Impact Tool

Deadline for Submittals:	April 7, 2006, 3:00 p.m.*  <b>Faxed or e-mailed proposals will not be accepted. Postmarks will not be accepted as proof of timely delivery. Proposals received after the deadline will be returned unopened.</b>
Proposal Packet Submittal Location:	City of San Jose  ATTN: John Lang Office of Economic Development 200 E. Santa Clara Street San Jose, CA 95113
Technical Assistance Contact:	City of San Jose  E-Mail: <a href="mailto:john.lang@sanjoseca.gov">john.lang@sanjoseca.gov</a>  <b>Written inquiries only, please. All relevant questions and answers will be made available to interested parties and will be posted on our website <a href="http://www.sjeconomy.com">www.sjeconomy.com</a></b>

\*All dates subject to change; any changes will be posted on [www.sjeconomy.com](http://www.sjeconomy.com)

# **Economic Impact Tool Request for Proposals (RFP)**

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## **1. Background**

With adoption of the Economic Development Strategy in 2003, the City of San Jose is stepping up its efforts to attract and support high-profile, high-economic-impact cultural and sporting events. Many of these events take place outdoors and/or in multiple venues in the Downtown. Many seek support, financial or staff support, from the City. Most have some impacts, whether environmental or economic, that can be perceived as negative. Examples of recent events include the San Jose Grand Prix, the ZeroOne San Jose Festival (August 2006), the Dew Action Sports Tour, the Tour of California, the Rock N Roll Half Marathon (October 2006), Cirque du Soleil, and the eBay Live 10<sup>th</sup> Anniversary convention (non-traditional multiple venue conference format).

The City of San Jose, with its partners (Convention and Visitors Bureau, San Jose Sports Authority, Silicon Valley Sports and Entertainment) is interested in sponsoring the development of a tool that could be used by multiple parties to identify the economic impact of events in a consistent, systematic manner. The tool should estimate the community economic impact (direct as well as indirect/induced) as well as the impact on city government revenues. To the extent possible, we hope the core tool could be used to anticipate and measure the economic impact of:

- Outdoor cultural events and festivals
- Multi-venue, indoor and outdoor conferences (e.g., eBay Live)
- Performance events in major public venues (e.g., Center for the Performing Arts, HP Pavilion)
- Indoor sporting events at HP Pavilion
- Major cultural attractions (e.g., Tech Museum, Art Museum)

This Request for Proposal is designed to solicit input on the viability of this tool from interested service providers.

At the same time, we are also requesting information from interested providers about approaches to documenting the economic impact of two specific venues: HP Pavilion and the Logitech Ice Center.

## **2. Request for Proposals Background**

**One signed original and four copies of the proposal are due by 3:00 p.m. on April 7, 2006 at 200 E. Santa Clara Street, San Jose, CA 95113, Attention: John Lang, Development Officer. Only hard copies of proposals will be accepted. Proposals that are e-mailed or faxed will not be accepted. Any proposal received after this time will be rejected and will be returned to the submitting party.**

All materials submitted in accordance with this RFP become property of the City and will

not be returned.

Should you have any questions regarding this RFP, please contact John Lang via e-mail at [john.lang@sanjoseca.gov](mailto:john.lang@sanjoseca.gov).

The City shall not be responsible for nor be bound by any oral instructions, interpretations or explanations issued by the City or its representatives. Should discrepancies or omissions be found in this RFP or should there be a need to clarify the RFP, you may request clarification via e-mail to [john.lang@sanjoseca.gov](mailto:john.lang@sanjoseca.gov).

Any City response to a request for clarification will be made in the form of an addendum to this RFP and will be sent to all parties to whom this RFP has been issued prior to the proposal due date and will be posted on our website at <http://www.sjeconomy.com/> under the heading of "What's New." All addenda shall become part of this RFP. The last day requests for clarifications will be accepted will be March 31, 2006.

### **3. Objectives and Scope of Services**

The two key parameters for the Scope of Services are as follows:

#### **1. Economic Impact Tool:**

- The Economic Impact Tool is envisioned to be a spreadsheet-based tool that could be used via the Internet by the City and its partners in different locations. The tool should be easy and intuitive to use.
- The tool must estimate overall community economic impact, as well as the revenue impact to the City of San Jose.
- It is envisioned that the Tool would include a base economic impact model with modification options based on key parameters of specific events that are identified as important by the consultant and the client. Examples of key parameters could include a) whether food service is provided by on-site permitted vendors vs. off-site area restaurants, b) whether the event producer operates locally or remotely, or c) whether the event is held outdoors or in a single facility, or in multiple facilities (e.g., San Jose Arena, hotel, art museum, Convention Center).
- The tool must include recommended multipliers for calculating indirect and induced impacts, along with the rationale for their selection.
- The consultant should provide specific recommendations, based on local context as well as national best practices, for collecting real or proxy data (e.g., spending by visitors, hotel rooms booked) needed to use the tool effectively and consistently over time. If survey data are recommended, specific direction regarding methods, frequency, and cost parameters for implementing the survey should be included.

(Note resource: The San Jose Visitor Study: 2004 Report, <http://www.sjeconomy.com/publications/pressreleases/visitor.study.2004.pdf>)

- Special consideration will be given to tools that have the broadest applicable impact to a variety of events as well as venues. See attachment A “Economic Impact of Downtown Entertainment and Cultural Events” including the attached inventory “Visitor Generation: Major Downtown Events, Venues, and Attractions.”
- The tool should be capable of being used prospectively to anticipate the economic impact of an event, as well as retrospectively to estimate the actual impact once the event has occurred.
- The tool should avoid over-stating true economic impact. The City recognizes that economic impact is but one important benefit that any individual event brings to a community. Others include profile-raising, community-building, and driving future visits and revenue potential.
- It would be desirable for the tool to include a recommended option for measuring the value of national/international city promotion associated with the event (e.g. TV coverage, advertising spots, etc).

## 2. Economic Impact of Venues: HP Pavilion and Logitech Ice Center

The City and Silicon Valley Sports and Entertainment would like to know

- a) What the economic impact of the HP Pavilion and the Logitech Ice Center has been to date
- b) How to measure the economic impact of the HP Pavilion and Logitech Ice Center in future years.

Proposers should develop an approach for answering these two questions, clarifying if either question can be answered by locals using the Economic Impact Tool developed above, or whether a unique approach is required.

If a unique approach is required, please outline the scope of this approach.

## 4. Deliverables

Consistent with the above components, the expected deliverables for the project are:

- The Economic Impact Tool, complete with multipliers, in a compatible format for use by the City and its partners.
  - A concise manual on the how to use the tool, the assumptions underlying the tool, recommendations for data use and collection, and the limitations of the tool. Consultant may wish to recommend when further analysis of a particular event is necessary.

- Three presentations on the use of the tool: for city staff, city partner organizations, and City Council committee.
- A 6-month and 12-month 'check in' meeting with tool users to troubleshoot any concerns and make any needed modifications.
- Economic Impact of Venues: HP Pavilion and Logitech Ice Center
  - An assessment of the economic impact of the HP Pavilion and the Logitech Ice Center to date on the community and on city government
  - A tool or methodology that can be used by locals to track the economic impact of HP Pavilion and the Logitech Ice Center annually in future years.

## **5. Budget and Timetable**

We are requesting proposer's budgets distinguish the cost associated with the delivery of Economic Impact Tool from the Annual Impact of Venues. The final report and set of deliverables should be ready for full distribution no later than October 31, 2006.

## **6. Selection Criteria**

The Proposer should demonstrate that the team proposed to work on this project has the appropriate analytical and professional background and access to resources to fulfill the stated scope of services. Particular attention will be paid to Proposers with broad experience that can inform this project, and experience with similar projects.

Proposers should describe their work plan for developing the deliverables. This should include sequence of steps to complete the project, a timetable, proposed budget, a staffing plan and any other relevant information germane to the City's assessment of whether the Proposer has a work plan that is well organized and achievable within the desired scope, time and budget guidelines.

All proposals must include a Proposal Cover Page and a Proposal Summary Form. Please see Appendix for these forms.

Proposers will be reviewed and evaluated based on the following criteria:

- Up to 40% rating will be allotted for demonstration of organizational/staff professional background and experience, and access to resources to fulfill the stated scope of services.
- Up to 60% rating will be allotted for a work plan that achieves the deliverables.

## **CITY OF SAN JOSE INSURANCE REQUIREMENTS**

If awarded the contract, the successful Proposer shall warrant and certify that it will comply with the City of San Jose's insurance requirements as stated below:

- Commercial General Liability - \$1,000,000 Combined Single Limit
  - City of San Jose must be named as additional insured.
- Automobile Liability - \$1,000,000 Combined Single Limit

- Workers' Compensation – Statutory
- Professional Liability - \$1,000,000

## **PUBLIC NATURE OF PROPOSAL MATERIAL**

Responses to this RFP become the exclusive property of the City. At such time as staff recommends a Proposer to the City Manager, as applicable, all proposals received in response to this RFP become a matter of public record and shall be regarded as public records, and thus disclosable as required under the Public Records Act, with the exception of those elements in each proposal which are defined by the Proposer as business or trade secrets and plainly marked as "Confidential," "Trade Secret," or "Proprietary". Any proposal which contains language purporting to render all or significant portions of the proposal "Confidential," "Trade Secret," or "Proprietary" shall be regarded as non-responsive.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the City of San Jose may not be in a position to establish that the information that a Proposer submits is a trade secret. If a request is made for information marked "Confidential," "Trade Secret," or "Proprietary," the City will provide the Proposer who submitted the information with reasonable notice to allow the Proposer to seek protection from disclosure by a court of competent jurisdiction.

## **NON-DISCRIMINATION/NON-PREFERENTIAL TREATMENT**

The successful Proposer shall not discriminate, in any way, against any person on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity, or national origin, in connection with or related to the performance of City of San Jose contracts.

## **ADDITIONAL TERMS AND CONDITIONS**

This RFP does not commit the City to pay any costs incurred in the submission of the proposal or in making any necessary studies or analysis in preparation of submission of the proposal.

The City reserves the right without limitation to:

- Execute an agreement with one or more Proposers based solely on the proposal and any approved additions;
- Enter into an agreement with another Proposer in the event that the originally selected Proposer defaults or fails to execute an agreement with the City;
- Enter into negotiations with one or more Proposers;
- The City reserves the right to verify any information provided during the RFP process. The City may contact references listed or any other persons known to have contracted with the Proposer.
- An agreement shall not be binding or valid with the City unless and until it is executed by authorized representatives of the City and of the Proposer.

## **ACCEPTANCE OR REJECTION OF PROPOSAL**

The City reserves the right to accept or reject any item or group(s) of items of a response. The City also reserves the right to waive any informality or irregularity in any proposal. Additionally, the City may, for any reason, decide not to award an agreement as a result of this RFP or cancel the RFP. The City shall not be obligated to respond to any proposal submitted, and shall not be legally bound in any manner by submission of the proposal. Staff will make a recommendation to the City Manager, as applicable, regarding the selection of a Proposer(s) based upon the evaluation of the proposals. The City reserves the right to negotiate project deliverables and associated costs.

### **Appendix**

#### RFP Proposal Required Documents

Please note that a Proposal Cover Page and a Proposal Summary Form are mandatory for all proposals. See attached forms.



**TO: John Lang, Development Officer**  
City of San Jose  
200 E. Santa Clara Street  
San Jose, CA 95113

**FROM:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RE: Economic Impact Tool Proposal Coverage Page**

<p><b>Received by:</b> _____</p> <p><b>Time/ Date Received:</b></p> <p><b>(STAMP)</b></p>
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Original   
Copy

### PROPOSAL SUMMARY FORM (Page 1 of 2)

Agency Name:	
Address:	
Agency Telephone # :	Agency Fax # :
Contact Person:	Contact Phone # :
Contact Fax # :	Contact E-mail:
Proposed Service: <b>Economic Impact Tool</b>	
Estimated Cost of Total Project:	
Type of Organization: <input type="checkbox"/> Governmental Organization/Specify: _____ <input type="checkbox"/> Community Based Organization <input type="checkbox"/> Labor Organization <input type="checkbox"/> Business & Trade Association <input type="checkbox"/> Educational Entity/Specify: _____ <input type="checkbox"/> Private, For-Profit Business <input type="checkbox"/> Private, Non-Profit Organization <input type="checkbox"/> Public Agency	

Original

Copy

## PROPOSAL SUMMARY FORM (Page 2 of 2)

### **Cost/pricing Data and Proposal Content**

This is to certify that, to the best of my knowledge and belief, the cost/pricing data submitted, either actually or by specific identification in writing to the City of San Jose in support of this proposal, is accurate, complete, and current as of the date below. This certification includes the cost/pricing data supporting any agreements/contracts that may be agreed upon between the proposer and the City of San Jose that are part of the result of submitting this proposal.

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title of Authorized Representative

## Attachment A



DSE COMTE: 12-14-05  
ITEM: 4c

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** see below

**DATE:** December 14, 2005

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### **SUBJECT: ECONOMIC IMPACT OF DOWNTOWN ENTERTAINMENT AND CULTURAL EVENTS**

Downtown San Jose is the creative urban center of Silicon Valley, unique among other city and neighborhood centers for its concentrated, extensive mix of cultural and entertainment attractions, convention/meeting facilities, hotels, restaurants, workplaces, residential options, public spaces, and the university.

In this setting, Downtown Entertainment and Cultural Events are important for several reasons.

- *Build community strength and identity*—entertainment and cultural events can help celebrate the people of this community, connect them to each other, and build local pride
- *Drive economic impact*—entertainment and cultural events can help drive economic impact directly by attracting outside visitors and stimulating new spending locally
- *Drive repeat business*—entertainment and cultural events can introduce people to the Downtown, who may like what they see and return again in the future to patronize businesses, attractions, and events
- *Raise community profile*—entertainment and cultural events can shape a community's identity beyond the local community—for example, how San Jose is perceived in the Bay Area, nationally, or internationally.

Any individual event may bring multiple benefits to the community.

#### **What Drives Economic Impact**

In general, the key factor driving economic impact is the degree to which the event or attraction attracts visitors from outside the local area, who stay in hotels. Spending by visitors who live outside the local area (i.e., tourists and travelers) brings 'new dollars' into the area, which are then circulated locally. In this respect, spending by outside visitors is similar to a 'Driving Industry' company that brings new money into the local economy earned from sales outside the local area.

Typically, visitors coming from outside the area who stay overnight in a hotel or local residence, spend more money per day than locals. “The San Jose Visitor Study: Market Profile and Economic Impact FY 2003-04 Report” conducted by SJSU found that visitors in San Jose for conventions, trade shows, and business travel spend on average, \$141 per day. Day visitors spend, on average, \$58 per day. Visitors staying in private homes also have much higher spending patterns than local day visitors.

<b>Type of Visitor to San Jose</b>	<b>Spending Per Day</b>
Visitors Staying in Hotel	\$141/day (including hotel)
Visitors Staying in Private Homes	\$111/day
Day Visitors	\$58/day

The study showed that in FY 2004, San Jose attracted 4.03 million day-only visitors, and 2.7 million business travelers and tourists who stayed overnight. The total impact was \$1.157 billion in spending, and \$1.193 in direct, indirect, and induced economic impacts on the San Jose economy.

#### **Inventory: Visitor Generation**

Staff created an inventory (attached) showing the number of visitors and room nights generated by major events, venues, and attractions Downtown. Observations:

- San Jose has six events, four public venues, and five cultural attractions that draw 100,000+ people each to Downtown annually.
- Most current “Cultural Events and Festivals” do not generate significant hotel roomnights. Tahiti Fete dance festival, which attracts a significant share of its participants from across the nation and from other countries, is the exception.
- San Jose’s “Major Cultural Attractions”, at this point in their development, attract primarily locals and day visitors. The Tech Museum and Art Museum estimate that about 20% of their visitors are from outside the Bay Area.
- Of the Major Public Venues, the Convention Center attracts more than 400,000 people and generates more than 111,000 hotel nights. The HP Pavilion attracts more than 1.6 million people annually to Sharks games and to other performances and events.
- New Events and Attractions are poised to generate 60,000 new hotel roomnights—a 40% increase over the previous 143,000 roomnight base. These include the San Jose Grand

Prix, the ZeroOne Festival, the Rock N Roll Half Marathon, the Tour of California, the SJMA expansion, and Living Tomorrow San Jose (ENA stage).

### **Measuring Economic Impact**

Some of the Downtown Events and Festivals have developed various measures of economic impact, based on their number of day visitors and overnight visitors (hotel stays). The Jazz Festival, for example, estimates the economic impact of their 2005 festival at \$6.6 million. The Grand Prix economic impact estimate is \$23 million.

The Office of Economic Development is preparing an RFP for assistance in developing a standardized "Economic Impact Tool" that could be used across multiple events, festivals, and venues to develop impact estimates. This tool would build on and integrate with surveys and calculations completed previously by the Convention and Visitors Bureau and the San Jose Sports Authority.

Since original survey research is difficult and expensive to conduct for every unique event or venue, the model will likely draw on per-visitor spending benchmark surveys completely intermittently.

### **Discussion**

It is important to recognize that events, festivals, and attractions serve difference purposes, including but not limited to direct economic impact.

That point aside, the City and its partners can do more to generate increased spending by overnight and day visitors to Downtown. Strategic investment in new events and attractions, and in evolving the models for existing events and attractions, can develop a stronger portfolio of activity that truly drives economic activity Downtown and an even better return on investment.

PAUL KRUTKO  
Director, Office of Economic Development

**Visitor Generation: Major Downtown Events, Venues, and Attractions**

	<b>Annual Visitors</b>	<b>Annual Hotel Roomnights (where applicable)</b>
<b>Cultural Events and Festivals</b>		
Christmas in the Park	400,000	375
Tapestry Arts Festival	175,000	300
San Jose America Festival/Fireworks	175,000	150
San Jose Jazz Festival	155,000	550
Holiday Parade	100,000	130
Tahite Fete	15,000	2,000
Cirque Du Soleil	95,000	
Cinco de Mayo Festival/Parade	95,000	25
Cinequest Film Festival/Cinema San Pedro	73,500	750
Music in the Park Series	49,000	
Downtown Ice	40,000	
Fiestas Patrias Festival/Parade	40,000	
Music in the Other Park Series	22,000	
	<u>1,434,500</u>	<u>4,280</u>
 <b>Major Public Venues</b>		
Convention Center	405,345	111,729
California Theater	56,410	
Center for the Performing Arts	239,794	
Montgomery Theater	31,706	
SJSU Event Center	130,250	
HP Pavilion		16,324
Sharks	744,799	
Other Pavilion Performances/Events	887,663	
	<u>2,495,967</u>	<u>128,053</u>
 <b>Major Sporting Events (not included in Pavilion or Convention Center)</b>		
San Jose Grand Prix	153,000	5,500
 <b>Major Cultural Attractions</b>		
Tech Museum of Innovation	410,000	7,517
San Jose Museum of Art	200,000	3,667
Repertory Theater	102,000	
Children's Discovery Museum	300,210	
	<u>1,012,210</u>	<u>11,183</u>
 <b>Major Private Venues/Attractions</b>		
Camera 12 Cinemas	174,013	
Improv	85,000	
	<u>259,013</u>	
 <b>Upcoming or Proposed Events Attractions</b>		
ZeroOne Festival/MSEA Symposium (August 2006)	50,000	12000
Rock N Roll Half Marathon (October 2006)	20,000	6,000
Tour of California (February 2006)	10,000	1,000
SJMA Expansion in MLK (proposed attraction)	250,000	4,583
Living Tomorrow San Jose (proposed attraction)	240,000	30,000
	<u>570,000</u>	<u>52,583</u>