



Press Release

Office of Economic Development

FOR IMMEDIATE RELEASE

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STUDY SHOWS SAN JOSE SHARKS AND HP PAVILION AT SAN JOSE HAVE CONTRIBUTED \$1.7 BILLION TO CITY OF SAN JOSE

***HP Pavilion Provides San Jose with an Ongoing Annual Economic Impact of \$254 Million and
Generates Approximately 5,000 Full-Time Jobs***

Facility Continues to be a Key Draw to Downtown San Jose

SAN JOSE, CALIF., March 5, 2009 – HP Pavilion, 525 West Santa Clara Street, in Downtown San Jose is commemorating its 15th year of operation and its standing as one of the world’s top entertainment venues.

The anniversary marks the release of an *Economic & Fiscal Impact Analysis* study, commissioned by the City of San Jose, which examines the economic impact of HP Pavilion. Prepared by Berkeley-based SportsEconomics, an economic, financial, and marketing research firm, the report reveals that the facility has generated considerable economic impacts for San Jose, including substantial tax revenues and job creation.

Since opening in September 1993, HP Pavilion at San Jose has welcomed more than 20 million visitors through its distinctive glass pyramid entrances to experience and enjoy more than 2,600 sports and entertainment events. Over the life of the facility, it has provided a total of \$1.7 billion in cumulative economic impact.

The facility has also provided San Jose annually with direct fiscal impacts of \$5.4 million and with an ongoing economic impact of \$254million and the creation of approximately 5,000 full-time equivalent jobs.

“We congratulate HP Pavilion, its management and staff for 15 plus years of providing the people of San Jose and Northern California with the finest in sports and entertainment programming that draws residents and visitors alike to Downtown San Jose,” said San Jose Mayor Chuck Reed. “The facility is one of the City’s crown jewels and demonstrates how San Jose can successfully develop, produce and maintain a flexible and adaptive world-class venue and truly provides a strong testament to future venue development success,” said Reed.

According to Paul Krutko, San Jose’s chief development officer, results from the *Economic & Fiscal Impact Analysis* demonstrate the importance of maintaining a premier venue with broad sports and entertainment offerings.

“HP Pavilion creates a sizable economic impact for San Jose. We recognize the importance of this and understand the significance of maintaining the facility’s top-flight status,” Krutko said. “We also recognize the events in HP Pavilion are as diverse as our population: each has a unique impact based on its targeted audience and its popularity.”

Fans and acts impact bottom-line success

Managed by San Jose Arena Management (SJAM), HP Pavilion delivers more than 170 events annually including more than 40 San Jose Sharks regular season home games, professional indoor lacrosse, professional boxing, men's professional tennis, mixed martial arts, and top music acts—such as Barbra Streisand, The Rolling Stones, Bruce Springsteen, Madonna, Tina Turner, country music sensation Kenny Chesney and Latin rocker Juanes—and a variety of family and children's favorites. In addition, HP Pavilion has hosted national and international sporting events that have brought fans and media attention from around the globe to San Jose including three NCAA Men's Western Regional Finals, the 1997 NHL All-Star Game, the 2003-07 Pac-10 Women's Basketball Tournament, the 1999 NCAA Women's Basketball Final Four, the 2007 Visa Gymnastics Championships and the 1996 World Figure Skating Championships.

“Over the past 15 years, we have maintained a venue with a high activity level offering a diverse entertainment and sports programming options—many are acts that return again and again to San Jose. Fan loyalty, facility quality and management relationships have all been cited as top draws that bring the world's top performers to Silicon Valley's doorstep,” said Greg Jamison, president and CEO, San Jose Sharks and SVSE.

The facility, with a capacity approaching 20,000, was recently ranked by *Pollstar Magazine* as the fourth busiest entertainment building in the U.S., behind New York's Madison Square Garden, Los Angeles' Staples Center and Atlanta's Philips Arena and the eleventh busiest in the world.

According to the *Economic & Fiscal Impact Analysis*, the level of activity has resulted in an annual fiscal impact of \$2.4 million for a Sharks season and \$3 million for high-end entertainment acts.

“Approximately \$92 million per year is spent outside of HP Pavilion on businesses located in San Jose by visitors coming to the City specifically to watch, or participate in, events at the facility. This spending benefits the owners and employees of those downtown establishments thereby creating a positive direct impact,” said Dr. Daniel Rascher, president, SportsEconomics. “The venue’s proximity to the overall Downtown San Jose ecosystem ensures that this positive economic impact is happening at nearby hotels, restaurants, clubs and retail outlets,” said Rascher.

The community asset, Sharks Ice at San Jose, also managed by SJAM and the practice and training facility for the San Jose Sharks, books the second highest number of hotel room nights for the City of San Jose, trailing only the Convention Center. The economic and fiscal impact study also addresses the significant positive impact this facility and its programming make in San Jose. The report is available at <http://www.sjeconomy.com/publications/pressreleases/ei.hp.pavilion.pdf>

Vote Set Stage for One of Downtown’s Crown Jewels

In 1988, local citizens formed Fund Arena Now (FAN), a group dedicated to getting an arena built in San Jose. The group spent much of its time advocating with city officials to build such a structure while at the same time promoting a world-class facility that would create jobs, attract the regional community to a revitalized city center and provide a venue for major league sports, concerts, family attractions and community events of all kinds. Then-San Jose Mayor Tom McEnery with FAN helped make these plans reality.

A measure was introduced and passed allocating local taxes toward building an arena in San Jose's growing downtown. With the arena now coming to San Jose, George and Gordon Gund decided to locate their new Bay Area NHL franchise in San Jose, which would eventually become the San Jose Sharks.

“The completion of the building was an important milestone in San Jose's emergence as a destination city,” said Tom McEnery. “When we were developing the initial plans for the facility, we wanted to ensure a strategic location to allow attendees to take full advantage of and add to San Jose’s burgeoning urban setting—by building momentum for nearby restaurants, entertainment and transportation options. The *Economic & Fiscal Impact Analysis* proves that this planning has provided positive spillover impact to businesses throughout the San Jose,” McEnery said.

The San Jose Redevelopment Agency was a significant driver in bringing the facility to fruition and funded \$135 million of the \$165 million structure.

“In addition to the obvious economic development benefits, HP Pavilion continues to provide a strong impetus for realizing a vibrant Downtown that is being manifested in new high-rise housing, restaurants and retail. It’s also one of the best welcome mats the City has to offer: events at the facility draw first-time visitors who can then see first-hand the immediate area’s vitality and attractiveness,” said Dean Munro, chief of staff, San Jose Redevelopment Agency.

In 1990, the San Jose City Council established the San Jose Arena Authority to oversee the operation and management of the building and to act as its liaison to the San Jose community. The Authority continues today and is comprised of many of the same dedicated people who contributed to the building's development. Included are representatives from the City Council, City

Administration, the San Jose Redevelopment Agency (the developers of the building), the neighborhoods, the downtown merchants and members of the community at large.

“Early on, the City of San Jose involved neighborhood groups, downtown merchants and civic and business leaders in the study of parking, traffic and a host of other vital issues. This collaborative spirit continues today as we continually look for approaches to maximize community enjoyment and positive financial impacts,” said Chris Morrissey, executive director, San Jose Arena Authority.

ABOUT THE SILICON VALLEY SPORTS & ENTERTAINMENT

Silicon Valley Sports & Entertainment (SVS&E) provides a single resource for business partners to utilize when planning their sports and event relationships. Created in the summer of 2000, SVS&E oversees all business operation aspects of the San Jose Sharks and HP Pavilion at San Jose. In addition, SVS&E manages all or parts of Sharks Ice at San Jose (the Sharks training and public skating facility), Sharks Ice at Fremont, Oakland Ice Center, the SAP Open tennis tournament (ATP Tour), the American Hockey League’s Worcester Sharks (the Sharks top development affiliate) as well as select HP Pavilion events such as American Metal & Iron Fight Night at the Tank (professional boxing) and Strike Force Mixed Martial Arts.

ABOUT SPORTSECONOMICS, LLC

SportsEconomics provides a broad range of consulting services to the sports business and entertainment communities. In the past nine years, SportsEconomics has provided economic, financial, and marketing research analysis to clients in a wide variety of fields associated with sports. SportsEconomics is based in the San Francisco Bay Area, but serves clients throughout the United States and the world.
www.sportseconomics.com

ABOUT THE CITY OF SAN JOSE’S OFFICE OF ECONOMIC DEVELOPMENT

The City of San Jose’s Office of Economic Development (OED) is committed to a vital, competitive San Jose economy that increases prosperity for people and companies and enhances City revenues. The OED guides the City’s economic strategy, provides assistance for business success, helps connect employers with trained workers, and provides art, sporting and cultural resources to our community. For more information, please visit, www.sjeconomy.com.

ABOUT THE SAN JOSE ARENA AUTHORITY

The San Jose Arena Authority was created by a resolution of the San Jose City Council and consists of a twenty-member, Mayor-appointed Board of Directors, as well as a professional staff to administer to the day-to-day operations of the organization. Under the terms of the agreement between the City of San Jose and the Arena Authority, the Authority oversees the management and operation of HP Pavilion at San Jose on behalf of the Mayor and City Council while serving as the City’s liaison to the community relating to ongoing Pavilion operations. To ensure that all Pavilion events are managed and executed in

a fashion that benefits both the patrons and the surrounding residential and commercial neighborhoods, the Authority is instrumental in a number of operational areas, including: event management administration; special event coordination; vehicular traffic and pedestrian movement management and coordination; on-site and off-site parking management oversight; area public transit coordination; public access coordination and management and community outreach. The Authority has additional administrative oversight responsibilities for the San Jose Sharks ice training facility, Sharks Ice at San Jose.

ABOUT THE CITY OF SAN JOSE

From its founding in 1777 as California's first city, San Jose has been a leader driven by its spirit of innovation. Today, San Jose stands as the largest city in Northern California and the Capital of Silicon Valley—the world's leading center of innovation. The city, the 10th largest in the U.S., is committed to remaining a top-ranked place to do business, work, live, play and learn. For more information, visit, www.sanjoseca.gov.

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