

CITY OF PALO ALTO
MEMORANDUM

TO: Palo Alto City Council Colleagues

FROM: Mayor Larry Klein and Council Members John Barton and Jack Morton

DATE: November 26, 2008

SUBJECT: Colleague's Memo Requesting Conceptual Approval of City of Palo Alto Gold-Level Sponsorship for 2009 National Senior Games, Direction to Staff to Negotiate a Contract with the National Senior Games Associates (NSGA) and Form a Staff Working Group in Support of the Games

Background:

In June of this year, representatives from the 2009 Senior Games Local Organizing Committee (LOC) made a presentation to Council about the upcoming Games to be held at Stanford University and in Palo Alto August 1 – 15, 2009. The purpose of this memorandum is to request our Council Colleagues support of the City's sponsorship of this event.

NSGA is a nonprofit member of the United States Olympic Committee dedicated to motivating adults over 50 to lead a healthy lifestyle through the Senior Games Movement. The first National Senior Games was held in St. Louis, Missouri in 1987 and included approximately 2,500 athletes. The 2009 Senior Games will include an estimated 12,500 athletes, competing in 18 medal sports and 7 demonstration sports at Stanford University and venues in Palo Alto, San Mateo County, Oakland, San Francisco, San Jose, the Port of Redwood City and Sunnyvale.

Hosting the Senior Games locally presents a unique opportunity to showcase Palo Alto. Additionally, the Games will provide a substantial economic boost to the region during the two weeks of events. There are current estimates that the 2009 Games will bring approximately 35,000 visitors to our area. This will generate a need for approximately 15,000 hotel rooms, with most reservations occurring near the Stanford venues.

The LOC has requested that the City of Palo Alto become a Gold Sponsor of the 2009 Games. The cost of this sponsorship would be \$500,000. The Committee has indicated that it would be willing to accept \$250,000 in cash (half payable this fiscal year and half in 2009-10) and \$250,000 of in-kind services, primarily police and other safety services. Although the City is facing uncertain economic times, this sponsorship should be considered an investment. We will have the opportunity to showcase Palo Alto and to gain national exposure. We will also benefit from the transit occupancy tax (TOT) on the additional hotel rooms rented and the local economic infusion that the Games will bring. The TOT increase and the additional sales tax generated may well exceed the city's investment.

We suggest that our Council Colleagues join us in conceptually approving a Gold-Level Sponsorship for the 2009 Senior Games. We would also ask that the Council direct staff to negotiate an agreement with the LOC and NSGA containing the standard terms, the additional suggested terms listed below, and other terms and conditions that staff believes appropriate. We would also direct staff to develop a funding and staffing plan. The agreement should include a delineation of the anticipated in-kind services and the agreed upon manner in which these would be calculated. Both the agreement and funding plan would return to the Council for final approval. The additional terms are:

1. LOC and NSGA will take all reasonable steps to ensure that all inquiries they receive about hotel rooms for the Senior Games will first be referred to Palo Alto hotels.
2. The second cash payment will be held as security against the value of the in-kind services exceeding \$250,000 and the cash payment will be reduced to the extent the in-kind services exceed \$250,000.
3. If the value of the in-kind services is less than \$250,000, there will be no increase in the cash payment
4. The value of the City's in-kind services will be calculated in the same manner as used for the Tour of California.

Conclusion

We respectfully request that our Colleagues join us in supporting Palo Alto's Gold Level Sponsorship of the 2009 Senior Games subject to the conditions set forth in this memorandum.